

WASHINGTON STATE
Workforce Training and
Education Coordinating Board

BOARD MEETING AGENDA

WorkSource Thurston County
Heritage Room, 3rd Floor
1570 Irving Street South West
Tumwater, WA 98501
January 26, 2006

Approximate Time

Tab

8:30 a.m.	Welcome/Introductions Mike Kennedy, Director, Pacific Mountain Workforce Development Council	
8:45 a.m.	Chair's Report David Harrison, Chair <ul style="list-style-type: none">• Review & Adopt Minutes of November 17, 2005 (Action)• Executive Director Search Executive Director's Report Ellen O'Brien Saunders, Executive Director	1
9:45 a.m.	Work Readiness Credential Pam Lund, Workforce Board Joan Wills, Institute for Education Leadership, Washington D.C. Amy Johnson, Spokane Regional Chamber of Commerce	2
10:45 a.m.	Break	
11:00 a.m.	High Skills, High Wages 2006: Tomorrow's Economy Evelyn Hawkins, Workforce Board	3
11:30 a.m.	Employer Survey Results Bryan Wilson, Workforce Board	4
12:00 p.m.	Lunch/Tour of WorkSource Thurston County	
1:00 p.m.	Review Federal Program Results Carl Wolfhagen, Workforce Board	5
1:30 p.m.	A Skilled and Educated Workforce: Joint Report Bryan Wilson, Workforce Board Randy Spaulding, Higher Education Coordinating Board Loretta Seppanen, State Board for Community and Technical Colleges	6
2:30 p.m.	Board Process for Workforce Development Council Certification Martin McCallum, Workforce Board	7
3:00 p.m.	Adjourn	

Workforce Training and Education System

- To close the gap between the needs of employers for skilled workers and the supply of Washington residents prepared to meet that need.
- To enable workers to make smooth transitions so that they and their employers may fully benefit from the new, changing economy by putting in place a coherent strategy for dislocated and incumbent worker training.
- To assist disadvantaged youth, persons with disabilities, new labor market entrants, recent immigrants, and other low-wage workers in moving up the job ladder during their lifetimes by developing a wage progression strategy for low-income workers. Specific progress will be made in improving operating agencies and reducing the earnings gap facing people of color, adults with disabilities, and women.
- To make the vision of WorkSource a reality so that workforce development programs are customer friendly, broadly accessible, and fully committed to Continuous Quality Improvement.

Key Dates

<p>March Board Meeting Thursday, March 16, 2005 <i>WorkSource Center Tumwater</i></p> <p>May Board Meeting Wednesday, May 10, 2005-Dinner Thursday, May 11, 2006-Meeting <i>Walla Walla</i></p> <p>June Board Meeting Thursday, June 29, 2006-Meeting <i>Tacoma</i></p>	<p>August Board Retreat Thursday, August 3, 2006-Retreat Friday, August 4, 2006-Retreat <i>Leavenworth</i></p> <p>September Board Meeting Wednesday, September 27, 2006-Dinner Thursday, September 28, 2006-Meeting <i>Spokane</i></p> <p>November Board Meeting Wednesday, November 15, 2006-Dinner Thursday, November 16, 2006-Meeting <i>Seattle</i></p>
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If you are a person with a disability and require an accommodation for attendance, please call the Workforce Board at 360.753.5677 as soon as possible to allow us sufficient time to make arrangements.

Washington State Workforce Training and Education Coordinating Board
Minutes of Meeting No. 107
November 17, 2005

Mr. David Harrison called the Workforce Training and Education Coordinating Board (Workforce Board) meeting to order at 8:30 AM at the Port of Vancouver, Commission Conference Room, Vancouver, Washington. The following board members and officers were present:

David Harrison, Workforce Board Chair
Ellen O'Brien Saunders, Workforce Board Executive Director
Rod Duckworth, Office of Superintendent of Public Instruction (OSPI)
Mike Hudson, Association of Washington Business (AWB)
Asbury Lockett, Business Representative
Randy Loomans, Labor Representative
Karen DiJulio, Employment Security Department (ESD)
John McGinnis, Labor Representative
Israel Mendoza, State Board for Community and Technical Colleges (SBCTC)
Beth Thew, Labor Representative

Welcome and Introductions

Mr. David Harrison welcomed the Board and guests, and introductions were made. He acknowledged the wonderful dinner at The Restaurant at the Historic District with local Vancouver dignitaries and business leaders. Mr. Todd Coleman, Deputy Executive Director of the Port of Vancouver, welcomed the Board to Vancouver and to the Port and gave a brief overview of the Port's operations.

Chairperson's Report

Mr. Harrison acknowledged the representatives from the Vancouver and Portland campuses of Western Business College. He summarized their concerns over the Private Career Schools legislation: What's measured should be equitable with the public sector institutions. He provided an update to the WorkFirst Re-examination and the Workforce Strategies Leadership Conference. Ms. Randy Loomans felt the armchair panel needed audience participation. Mr. Rod Duckworth felt the connection to the Washington Association of Vocational Administrators conference was valuable to secondary Career and Technical Education attendees and that the staff did an outstanding job. Ms. Ellen O'Brien Saunders will solicit feedback from members on combining a one-day conference with Department of Community, Trade and Economic Development in 2006 and a full conference in 2007. Mr. John McGinnis asked about the goal of increasing business and labor participants from the local level. Mr. Harrison asked Ms. O'Brien Saunders to provide members with the attendance representation of the local Workforce Development Councils. Mr. Harrison may attend the National Association of Workforce Boards conference to continue to promote such partnerships.

Motion 05-106-01

A motion was made by Ms. Beth Thew and seconded by Mr. McGinnis that the minutes of September 22, 2005, meeting be approved. The motion passed.

Motion 05-106-02

A motion was made by Mr. Mike Hudson and seconded by Ms. Thew that the minutes of October 13, 2005, Special Conference Call Meeting be adopted. The motion passed.

Executive Director's Report

Ms. O'Brien Saunders highlighted the contents of Tab 1. She touched on the Board's work for the coming year. There will be a heavy dose of the Workforce Readiness Credential in January and March. For High Skills, High Wages work, she mentioned that the members will have leadership roles for work groups during the process. There will be work once the reauthorization of WIA and Perkins occurs. Ms. O'Brien Saunders referenced discussion of the dropout initiative perhaps in conjunction with the WIA 10 percent discussion.

Ms. O'Brien Saunders reported the NGA Policy Academy effort to improve outcomes for young adults with disabilities and the adoption of a vision statement by the participating representatives. Mr. Martin McCallum is assisting with this work.

High Skills, High Wages 2006 Chapter 2: Tomorrow's Workforce

Ms. Evelyn Hawkins presented the materials in Tab 2. Ms. Loomans asked for copies of overheads not provided in the packet. Mr. Harrison identified the challenges presented by five different workforce population groups and wondered about showing strategies to address each group. Mr. Israel Mendoza indicated that we should anticipate an increased emergence of non-English-speaking entrants to the workforce and to be prepared for the challenges associated with this. Mr. Hudson noted the influx of eastern Europeans. Ms. Loomans mentioned an article on "different generations" that she will provide to members. There were comments about the relationship of this chapter to the chapter on the economy.

Workforce Investment Act (WIA): Title 1B Performance Targets

Mr. Carl Wolfhagen presented the materials in Tab 3. Mr. Asbury Lockett asked whether there was any sharing of best practices related to high performance results. Mr. Harrison reminded members of Ms. Karen Lee's interest in the intersection of these performance measures with the Government Management Accountability and Performance (GMAP) measures on which the ESD is working. There were questions on how the targets related to actual performance, especially where performance exceeded future targets. Mr. Harrison indicated that we may bring this topic up again in the spring when the Board visits the WIA 10 percent discussion that includes incentives for performance. Ms. Thew asked about local concerns and/or feedback on the targets or the target-setting process.

Motion 05-106-03

A motion was made by Mr. McGinnis and seconded by Mr. Lockett. The motion passed unanimously.

2006 Legislative Session Budget and Policy Requests: OSPI, SBCTC

Mr. Wes Pruitt presented the materials in Tab 4. Mr. Harrison encouraged members to take the message of workforce resource needs to the Governor. There was discussion about Washington Learns and their action to “require” guidance programs. Need to make sure we drop “and counseling” from future references to guidance work. Mr. Duckworth mentioned that the need was for career guidance and that Navigation 101 was a model. Mr. Lockett asked about the 100 districts and how funds would roll out. Mr. Harrison mentioned that he will be talking with Mr. Victor Moore on the Board’s legislative agenda.

Motion 05-106-04

A motion for endorsement of SBCTCs budget request was made by Mr. McGinnis and seconded by Ms. Thew. The motion passed.

Motion 05-106-05

A motion for endorsement of OSPI’s budget request was made by Mr. McGinnis and seconded by Ms. Loomans. The motion passed.

Perkins Policy Issues

Mr. Bryan Wilson and Ms. Terri Colbert presented the materials in Tab 5. Ms. O’Brien Saunders indicated that we would include the letter from United States Department of Education, Office of Vocational and Adult Education in the packet for the January Board meeting. There was discussion of the impacts of potential policy changes at the local level. Mr. Duckworth mentioned that small districts were using their Perkins small awards effectively. He also indicated that Perkins funds complement the effort to address the Washington Assessment of Student Learning requirements. Mr. Harrison mentioned that the strengthening of academics through the use of Perkins funds made sense. Ms. Thew asked whether these funds were used to balance local budgets. Mr. Harrison challenged the Board to provide direction to the staff. He also indicated his desire for a “more robust recapture-based program” that might include combining this effort with the WIA 10 percent funds and Basic Education dollars. It was suggested that we look at the history of carry forward dollars. Ms. Thew expressed the need for local input and wondered if we were telling the locals what they need. Mr. Harrison will talk to Board members about this topic between now and January.

Industry Skill Panels Showcase: Transportation

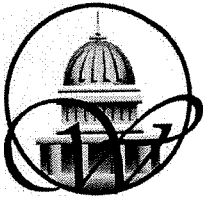
Ms. Pam Lund introduced the Southwest Washington Workforce Development Council (SW WDC) presentation. Ms. Lisa Nisenfeld (Executive Director, SW WDC) presented information on their Transportation Skill Panel. Mr. Harrison asked for suggestions to improve skill panels. Ms. Nisenfeld suggested longer funding of four to five years and level funding for the first two years. Ms. Lisa Edwards (Clark College) described the products to date on the panel and Mr. Dale Lemmons of Interstate Wood Products explained the trucking industry's workforce challenges.

Ellen O'Brien Saunders, Secretary

A handwritten signature in cursive script, reading "Ellen O'Brien Saunders".

Workforce Development Council 2006 Board Meeting Schedules

<p style="text-align: center;">January 2006</p> <p>3rd Snohomish County, 8:00 am 10th Tri-County, 4:00 pm 11th Southwest Washington, 4:00 pm 11th Spokane, 7:30 am 20th Tacoma-Pierce, 3:00 pm 31st Benton-Franklin, 3:00 pm</p>	<p style="text-align: center;">July 2006</p> <p>4th Snohomish County, 8:00 am 11th Tri-County, 4:00 pm 11th Southwest Washington, 4:00 pm 12th Spokane, 7:30 am 15th Tacoma-Pierce, 3:00 pm 25th Benton-Franklin, 3:00 pm</p>
<p style="text-align: center;">February 2006</p> <p>7th Snohomish County, 8:00 am 8th Olympic, 9:00 am 16th Tacoma-Pierce, 3:00 pm 17th Seattle-King, 8:30 am 21st North Central, 6:00 pm 22nd Northwest, 2:00 pm 24th Pacific Mountain, TBA</p>	<p style="text-align: center;">August 2006</p> <p>1st Snohomish County, 8:00 am 8th Tri-County, 4:00 pm 13th Southwest Washington, 4:00 pm 22nd Olympic, 9:30 am 23rd Northwest, 2:00 pm 29th Benton-Franklin, 4:00 pm</p>
<p style="text-align: center;">March 2006</p> <p>7th Snohomish County, 8:00 am 7th Tri-County, 4:00 pm 8th Southwest Washington, 4:00 pm 8th Spokane, 7:30 am 16th Tacoma-Pierce, 3:00 pm 16th Pacific Mountain, TBA</p>	<p style="text-align: center;">September 2006</p> <p>5th Snohomish County, 8:00 am 12th Tri-County, 4:00 pm 14th Pacific Mountain, TBA 15th Olympic, 9:30 am 21st Eastern Washington, 12:00 pm 26th Benton-Franklin, 4:00 pm</p>
<p style="text-align: center;">April 2006</p> <p>4th Snohomish County, 8:00 am 20th Tacoma-Pierce, 3:00 pm 25th Benton-Franklin, 3:00 pm</p>	<p style="text-align: center;">October 2006</p> <p>3rd Snohomish County, 8:00 am 10th Tri-County, 4:00 pm 19th Tacoma-Pierce, 4:00 pm 31st Benton-Franklin, 4:00 pm</p>
<p style="text-align: center;">May 2006</p> <p>2nd Snohomish County, 8:00 am 9th Southwest Washington, 4:00 pm 9th Tri-County, 3:30 pm 10th Olympic, 9:00 pm 10th Spokane, 7:30 am 16th North Central, 6:00 pm 18th Tacoma-Pierce, 3:00 pm 24th Northwest, 2:00 pm</p>	<p style="text-align: center;">November 2006</p> <p>7th Snohomish County, 8:00 am 14th Tri-County, 4:00 pm 16th Tacoma-Pierce, 4:00 pm</p>
<p style="text-align: center;">June 2006</p> <p>6th Snohomish County, 8:00 am 14th Spokane, 7:30 am 16th Seattle-King, 3:00 pm</p>	<p style="text-align: center;">December 2006</p> <p>5th Snohomish County, 8:00 am 8th Southwest Washington, TBA 12th Tri-County, 4:00 pm 15th Olympic, TBA</p>



**Workforce Training and Education
Coordinating Board (Workforce Board)
2006 Budget and Policy Requests:
Current Status**

A. Workforce Board Requests

Expansion of Skill Panels – Not Included in the Governor’s Budget

The Workforce Board requested **\$1 million General Fund-State (GF-S) dollars in the 2005-2007 Supplemental Budget** for eight to ten new Industry Skill Panels. Over five years, Industry Skill Panels have changed the way employers, labor, and education work together to improve immediate and long-term workforce issues. These alliances are powerful, and continue to gain attention for their accomplishments. Despite this, there are still targeted industry clusters in Washington wanting to launch specific Industry Skills Panels important to their local economy. Enough funds have not been available to meet the need.

Private Career School Legislation – Not Approved by the Governor

Under current law, students attending private career schools in Washington may face undue burdens if their school or program closes. During the 2004-2005 school year, abrupt closures harmed hundreds of students. Proposed amendments to statutes regulating private vocational schools and programs would have provided new tools to help prevent closures, more warning to students of possible closures, and reasonable protections for students in the event of a closure, and would not have imposed unreasonable burdens on private vocational schools. The amendments would have also provided steps to help ensure that schools offer quality programs. Although this bill was not approved by the Governor, many of the provisions proposed by the Workforce Board have been incorporated into HB 2597 which has been introduced by Representative Kenney.

Health Care Personnel Supply Data – Not Included in the Governor’s Budget

The Workforce Board, with the support of the Department of Health (DOH), requested an appropriation of **\$236,000 GF-S dollars in the 2005-2007 supplemental budget**. The Health Care Personnel Shortages Task Force calls for the development of “a data collection and analysis system to assess health workforce supply and demand” and a key strategy is to “collect workforce supply information through methods such as surveys of licensed professional.” In response, the Workforce Board, in partnership with DOH, convened stakeholders, examined data collection and needs, identified gaps, and investigated alternatives. The Task Force recommends the state collect supply data for all licensed health care personnel regularly in order to address health workforce issues with the greatest effectiveness. This supply information is needed across a variety of state purposes, including emergency preparedness. Although this budget request was not approved by the Governor, Representative Cody and Senator Franklin have sponsored bills (HB 2399 and SB 6193, respectively) to create a survey of health care personnel.

B. Operating Agency Requests Endorsed by the Workforce Board

Navigation 101 – Partially Funded in the Governor’s Budget

The Office of Superintendent of Public Instruction (OSPI) requested \$3.98 million in GF-S dollars for FY 2006-2007 to support dissemination and replication of the guidance and counseling model developed by the Franklin Pierce School District. The proposal would have provided implementation funding to 100 districts. The request also included statewide curriculum development, the development and dissemination of parent and classroom materials, support for electronic portfolios, contracted technical assistance and professional development, development of a software package for districts to use to record student performance, and the creation of a Navigation and Guidance unit in OSPI to provide technical assistance to the implementing districts. In the Governor’s budget proposal, \$410,000 of GF-S monies are provided to the OSPI for dissemination of the Navigation 101 curriculum to all districts, including the development of electronic student planning tools and the development of a software package to analyze the impact of the implementation of Navigation 101 on student performance.

Applied Baccalaureate Programs – Funded in the Governor’s Budget

The State Board for Community and Technical Colleges (SBCTC) requested \$904,000 in GF-S monies for planning (\$504,000) and one-time startup funds (\$100,000 per degree program) in FY 2007 for four applied baccalaureate degree programs at four community and technical colleges. In the Governor’s budget proposal, \$1,660,000 in GF-S dollars are provided for applied baccalaureate programs at selected institutions and for increased collocation programs with regional universities to bring upper-division course work to more community college campuses.

Funding to Accommodate Students with Disabilities – Not Included in the Governor’s Budget

SBCTC requested \$1.5 million in GF-S monies in for the costs associated with accommodating students with disabilities. Colleges are faced with substantial increases in costs to accommodate students with disabilities. Increases in these mandatory costs far outstrip growth in state and tuition funds. While cost increases are due in part to the larger number of students being served, the primary cause for cost escalation is the rising expense associated with providing interpreter services for deaf and hearing-impaired students. In 2004 expenditures totaled \$4.4 million, and 2005 expenditures were \$5.1 million.

C. Additional Workforce-related Items

Pre-Apprenticeship Program Grants – Funded in the Governor’s Budget

In response to a Washington Learns interim report recommendation, \$100,000 of GF-S monies are provided to OSPI for incentive grants for districts to develop pre-apprenticeship programs. Grant awards up to \$10,000 are to be used to support the program’s design, school/business/labor agreement negotiations, and recruiting high school students for pre-apprenticeship programs in the building trades and crafts.

HOUSE BILL 2630

State of Washington

59th Legislature

2006 Regular Session

By Representatives Kenney, Cox, Kessler, Priest, Conway, Hunter, Buri, Fromhold, Sells, Grant, Ormsby, Quall, Haigh, Clements, Roberts, Upthegrove, McDermott, Hasegawa, Santos and Flannigan

Read first time . Referred to .

1 AN ACT Relating to postsecondary education, including creating the
2 opportunity grant program; adding new sections to chapter 28B.50 RCW;
3 creating new sections; making appropriations; providing an expiration
4 date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. Sec. 1. The legislature finds that:

7 (1) Increasing Washington's economic competitiveness requires
8 increasing the supply of skilled workers in the state; and

9 (2) Improving the labor market competitiveness of all Washington
10 residents requires that all residents have access to postsecondary
11 education.

12 NEW SECTION. Sec. 2. A new section is added to chapter 28B.50 RCW
13 to read as follows:

14 (1) The college board shall, with the assistance of the work force
15 training and education coordinating board and a nonprofit organization
16 that has been established to address work force development issues by
17 a recognized statewide organization of employers representing a
18 majority of employers in the state:

1 (a) Identify high demand occupations, which are occupations where
2 employer demand for workers exceeds the supply of qualified job
3 applicants;

4 (b) Convene or use existing industry groups, such as industry skill
5 panels or other industry or occupational entities, to identify the
6 skill sets that workers need in the high demand occupations;

7 (c) Develop credentials that are recognized by postsecondary
8 institutions and employers statewide and that are based on the
9 attainment of the skill sets needed in occupations in high demand
10 sectors;

11 (d) Market the credentials or certificates to potential students
12 and employers as a way for them to advance in their careers; and

13 (e) Gain recognition of the credentials or certificates by
14 employers.

15 (2) In carrying out the functions of this section, the college
16 board shall give priority to high demand occupations in industry
17 sectors important to the economic growth of the state.

18 (3) The college board may, in implementing this section, accept,
19 use, and dispose of contributions of money, services, and property.
20 All moneys received by the college board for the purposes of this
21 section must be deposited in a depository approved by the state
22 treasurer. Disbursements of such funds shall be on authorization of
23 the college board or a duly authorized representative thereof. In
24 order to maintain an effective expenditure and revenue control, such
25 funds are subject in all respects to chapter 43.88 RCW, but no
26 appropriation is required to permit expenditure of such funds.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 28B.50 RCW
28 to read as follows:

29 (1) The college board shall develop and implement a work force
30 education program known as the opportunity grant program to provide
31 funding for low-income students enrolled in the program, including but
32 not limited to funding tuition, books, fees, and child care expenses.
33 The college board must:

34 (a) Begin developing the program no later than March 15, 2006, with
35 student enrollment to begin no later than January 1, 2007; and

36 (b) Submit a progress report to the fiscal and higher education
37 committees of the legislature by January 15, 2008.

1 (2) The college board may, in implementing the opportunity grant
2 program, accept, use, and dispose of contributions of money, services,
3 and property. All moneys received by the college board for the program
4 must be deposited in a depository approved by the state treasurer.
5 Disbursements of such funds shall be on authorization of the college
6 board or a duly authorized representative thereof. In order to
7 maintain an effective expenditure and revenue control, such funds are
8 subject in all respects to chapter 43.88 RCW, but no appropriation is
9 required to permit expenditure of such funds.

10 NEW SECTION. **Sec. 4.** (1) The Washington state institute for
11 public policy shall conduct a study to include:

12 (a) A review of and recommendations for consolidating and
13 simplifying the delivery of state-funded and federally funded work
14 force education programs and work force education aid offered to
15 students in this state, with a goal of achieving easier access to the
16 programs for students;

17 (b) A description of barriers that exist to combining work force
18 education programs and work force education aid, such as state or
19 federal statutes, rules, or regulations, and the relief that may be
20 available through federal waivers;

21 (c) An estimate of the funding gap between available work force
22 education aid and the financial needs of students living in this state;

23 (d) A description of barriers to access to and completion of work
24 force education programs in this state; and

25 (e) Recommendations for increasing participation and completion
26 rates for work force education programs.

27 (2) The Washington state institute for public policy shall review
28 the costs and benefits of creating a universal K-14 system.

29 (3) The Washington state institute for public policy must submit
30 its report on the study to the fiscal and higher education committees
31 of the legislature by November 15, 2006.

32 (4) The Washington state institute for public policy may, in
33 carrying out this study, accept, use, and dispose of contributions of
34 money, services, and property. All moneys received by the institute
35 for the study must be deposited in a depository approved by the state
36 treasurer. Disbursements of such funds shall be on authorization of
37 the institute or a duly authorized representative thereof. In order to

1 maintain an effective expenditure and revenue control, such funds are
2 subject in all respects to chapter 43.88 RCW, but no appropriation is
3 required to permit expenditure of such funds.

4 (5) For purposes of this section:

5 (a) "Financial needs" includes but is not limited to tuition,
6 books, fees, tools, living expenses, and child care expenses.

7 (b) "Work force education aid" means financial aid, funded from
8 state or federal sources, provided to students enrolled in work force
9 education programs.

10 (c) "Work force education programs" means education and skills
11 training, including vocational education, adult basic education linked
12 to vocational education, work force education under RCW 28C.18.010,
13 work force training provided under chapter 74.08A RCW, and any other
14 related work force training program.

15 (6) This section expires December 31, 2006.

16 NEW SECTION. Sec. 5. (1) The sum of seventy-five thousand
17 dollars, or as much thereof as may be necessary, is appropriated for
18 the fiscal year ending June 30, 2007, from the general fund to the
19 state board for community and technical colleges for the purposes of
20 section 2 of this act. Expenditure of moneys appropriated in this
21 subsection is contingent on receipt of matching funds from a nonstate
22 source.

23 (2) The sum of five million dollars, or as much thereof as may be
24 necessary, is appropriated for the fiscal year ending June 30, 2007,
25 from the general fund to the state board for community and technical
26 colleges for the purposes of section 3 of this act.

27 (3) The sum of seventy-five thousand dollars, or as much thereof as
28 may be necessary, is appropriated for the fiscal year ending June 30,
29 2007, from the general fund to the Washington institute for public
30 policy for the purposes of section 4 of this act.

31 NEW SECTION. Sec. 6. This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and takes effect
34 immediately.

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HOUSE BILL 2597

State of Washington

59th Legislature

2006 Regular Session

By Representatives Kenney, Cox, Sells, Hasegawa, Fromhold, Rodne, McCoy, Jarrett, Morrell, Conway and Ormsby

Read first time . Referred to .

1 AN ACT Relating to private vocational school programs; amending RCW
2 28C.10.020, 28C.10.050, and 28C.10.120; adding a new section to chapter
3 28C.10 RCW; and providing an effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 Sec. 1. RCW 28C.10.020 and 1993 c 445 s 1 are each amended to read
6 as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Agency" means the work force training and education
10 coordinating board.

11 (2) "Agent" means a person owning an interest in, employed by, or
12 representing for remuneration a private vocational school within or
13 without this state, who enrolls or personally attempts to secure the
14 enrollment in a private vocational school of a resident of this state,
15 offers to award educational credentials for remuneration on behalf of
16 a private vocational school, or holds himself or herself out to
17 residents of this state as representing a private vocational school for
18 any of these purposes.

1 (3) "Current assets" includes cash or other assets or resources
2 commonly identified as those that are reasonably expected to be
3 realized in cash or sold or consumed within one year.

4 (4) "Current liabilities" includes obligations for which
5 liquidation is reasonably expected to require the use of existing
6 resources properly classifiable as current assets or the creation of
7 other current liabilities.

8 (5) "Degree" means any designation, appellation, letters, or words
9 including but not limited to "associate," "bachelor," "master,"
10 "doctor," or "fellow" which signify or purport to signify satisfactory
11 completion of an academic program of study beyond the secondary school
12 level.

13 ~~((+4))~~ (6) "Education" includes but is not limited to, any class,
14 course, or program of training, instruction, or study.

15 ~~((+5))~~ (7) "Educational credentials" means degrees, diplomas,
16 certificates, transcripts, reports, or documents(~~(, or letters of~~
17 ~~designation, marks, appellations, series of letters, numbers, or words~~
18 ~~which))~~ that signify (~~(or appear to signify enrollment, attendance,~~
19 ~~progress, or))~~ satisfactory completion of the requirements or
20 prerequisites for any educational program.

21 ~~((+6))~~ (8) "Entity" includes, but is not limited to, a person,
22 company, firm, society, association, partnership, corporation, or
23 trust.

24 ~~((+7))~~ (9) "Private vocational school" means any location where an
25 entity is offering postsecondary education in any form or manner for
26 the purpose of instructing, training, or preparing persons for any
27 vocation or profession.

28 ~~((+8))~~ (10) "Probation" means the agency has officially notified
29 a private vocational school in writing that the school or a program
30 offered by the school has been identified by the agency as at risk and
31 has deficiencies that must be corrected within a specified time period.

32 (11) "Program" means a sequence of approved subjects offered by a
33 school that teaches skills and fundamental knowledge required for
34 employment in a particular occupation.

35 (12) "To grant" includes to award, issue, sell, confer, bestow, or
36 give.

37 ~~((+9))~~ (13) "To offer" includes, in addition to its usual

meanings, to advertise or publicize. "To offer" also means to solicit or encourage any person, directly or indirectly, to perform the act described.

~~((+10+))~~ (14) "To operate" means to establish, keep, or maintain any facility or location where, from, or through which education is offered or educational credentials are offered or granted to residents of this state, and includes contracting for the performance of any such act.

Sec. 2. RCW 28C.10.050 and 2005 c 274 s 247 are each amended to read as follows:

(1) The agency shall adopt ~~((by rule minimum standards for entities operating private vocational schools. The minimum standards shall include, but not be limited to, requirements for each))~~ minimum requirements to assess whether a private vocational school is eligible to obtain and maintain a license in this state.

(2) The requirements adopted by the agency shall, at a minimum, require a private vocational school to:

(a) Disclose to the agency information about its ownership and financial position and to demonstrate that it has sufficient financial resources to fulfill its commitments to students. Financial disclosures provided to the agency shall not be subject to public disclosure under chapter 42.56 RCW;

(b) Demonstrate to the agency that the school is financially viable and responsible, and has sufficient financial resources to fulfill the school's commitments to its students. A private vocational school shall be considered financially viable and responsible only if it:

(i) Is able to provide the services described in its official publications and statements;

(ii) Is able to provide the administrative resources necessary to comply with the requirements of this subsection;

(iii) Is able to meet all of its financial obligations, including, but not limited to, refunds that it is required by agency rule to provide to students;

(iv) Demonstrates that at the close of its most recent fiscal year it had a ratio of current assets to current liabilities of at least 1:1; and

1 (v) Had at the close of its most recent fiscal year a positive net
2 worth. For the purposes of this section, "positive net worth" means
3 the school's assets exceed its liabilities;

4 (c) Follow a uniform statewide cancellation and refund policy as
5 specified by the agency;

6 ~~((+e+))~~ (d) Disclose through use of a school catalog, brochure, or
7 other written material, necessary information to students so that
8 students may make informed enrollment decisions. The agency shall
9 specify what information is required;

10 ~~((+d+))~~ (e) Use an enrollment contract or agreement that includes:
11 (i) The school's cancellation and refund policy, (ii) a brief statement
12 that the school is licensed under this chapter and that inquiries may
13 be made to the agency, and (iii) other necessary information as
14 determined by the agency;

15 ~~((+e+))~~ (f) Describe accurately and completely in writing to
16 students before their enrollment prerequisites and requirements for (i)
17 completing successfully the programs of study in which they are
18 interested and (ii) qualifying for the fields of employment for which
19 their education is designed;

20 ~~((+f+))~~ (g) Comply with the requirements of RCW 28C.10.084;

21 ~~((+g+))~~ (h) Assess the basic skills and relevant aptitudes of each
22 potential student to determine that a potential student has the basic
23 skills and relevant aptitudes necessary to complete and benefit from
24 the program in which the student plans to enroll, including but not
25 limited to administering a United States department of education-
26 approved English as a second language exam before enrolling students
27 for whom English is a second language. Guidelines for such assessments
28 shall be developed by the agency, in consultation with the schools.
29 ~~((The method of assessment shall be reported to the agency. Assessment~~
30 ~~records shall be maintained in the student's file))~~ Each private
31 vocational school shall report its methods of assessment to the agency
32 and shall maintain assessment records in each student's file. If a
33 student's basic skills or English language proficiency is not adequate
34 for the student's likely success in the program in which the student is
35 enrolled, the private vocational school shall so inform the student and
36 shall either provide basic skills training or English as a second
37 language supplemental instruction to the student, or assist such

1 student with obtaining basic skills training or English as a second
2 language instruction;

3 ~~((h))~~ (i) Discuss with each potential student the potential
4 student's obligations in signing any enrollment contract and/or
5 incurring any debt for educational purposes. The discussion shall
6 include the inadvisability of acquiring an excessive educational debt
7 burden that will be difficult to repay given employment opportunities
8 and average starting salaries in the potential student's chosen
9 occupation((-));

10 ~~((2) Any enrollment contract shall have))~~ (j) Ensure that any
11 enrollment contract between the private vocational school and its
12 students has an attachment in a format provided by the agency. The
13 attachment shall be signed by both the school and the student. The
14 attachment shall stipulate that the school has complied with subsection
15 (1)((h)) (i) of this section and that the student understands and
16 accepts his or her responsibilities in signing any enrollment contract
17 or debt application. The attachment shall also stipulate that the
18 enrollment contract shall not be binding for at least five days,
19 excluding Sundays and holidays, following signature of the enrollment
20 contract by both parties((-

21 ~~(3) The agency shall deny, revoke, or suspend the license of any~~
22 ~~school that does not meet or maintain the minimum standards));~~

23 (k) Comply with the requirements related to qualifications of
24 administrators and instructors under section 3 of this act; and (l)
25 Upon request, provide to the agency a statement from an independent
26 accountant regarding the school's financial viability. The agency may
27 determine that a school is not financially viable, responsible, or able
28 to fulfill its commitments to students if the statement from an
29 independent accountant expresses substantial doubt about the school's
30 financial ability to continue operating.

31 (3) The agency may deny a private vocational school's application
32 for licensure if the school fails to meet the requirements in this
33 section.

34 (4) The agency may determine that a licensed private vocational
35 school or a particular program of a private vocational school is at
36 risk if:

37 (a) There is a pattern or history of substantiated student
38 complaints filed with the agency pursuant to RCW 28C.10.120; or (b)

1 The private vocational school has a pattern or history of failing to
2 meet the minimum requirements for licensure established by the agency
3 or substantially fails to meet the minimum requirements for licensure
4 established by the agency.

5 (5) If the agency determines that a private vocational school is at
6 risk, the agency:

7 (a) Shall notify the school in writing of the deficiencies
8 determined by the agency;

9 (b) Shall require the owner of the school, the director of the
10 school, or both of them, to meet with agency staff to discuss the
11 school's deficiencies;

12 ~~(c) May require the school to have an outside audit conducted and~~ (d) May place the school on prob
13 list published by the agency of schools that are on probation.

14 (6) A school that is placed on probation by the agency shall
15 provide to the agency:

16 (a) A written school improvement plan that addresses the
17 deficiencies identified by the agency and the school's plan to remedy
18 the deficiencies. The school shall provide its school improvement plan
19 to the agency no later than thirty days after the meeting required by
20 subsection (5)(b) of this section;

21 (b) Evidence, if requested by the agency, that the school has
22 secured a line of credit from a lender approved by and in an amount
23 determined by the agency. The school shall provide evidence of the
24 line of credit to the agency no later than thirty days after the
25 meeting required by subsection (5)(b) of this section; and (c) A
26 monthly status report of the school's progress on implementing its
27 improvement plan for a period of up to twelve months. The monthly
28 status report shall include all students' names and current contact
29 information.

30 (7) If a private vocational school that is placed on probation by
31 the agency fails to correct the deficiencies identified by the agency
32 within twelve months the agency may revoke the school's license.

33 NEW SECTION. Sec. 3. A new section is added to chapter 28C.10 RCW
34 to read as follows:

35 (1) The education and experience of administrators, instructors,
36 and counselors employed by a private vocational school shall be

adequate to ensure that students receive educational services consistent with the school's stated program objectives.

(2) A private vocational school must file the qualifications of each of its administrators, instructors, and counselors with the agency within thirty calendar days of the day the school hires the administrator, instructor, or counselor. This information shall be provided by the school to the agency in the form required by the agency.

(3) A private vocational school shall establish and enforce written policies for the qualification, supervision, and periodic evaluation of administrators, instructors, and counselors.

(4) The highest ranking administrator at a private vocational school shall have at least two years of experience in school or business administration, teaching, or professional employment related to his or her duties within the school.

(5) Private vocational school instructors shall:

(a) Have at least two years of full-time work experience, postsecondary training, or a combination of both, in the subjects they instruct; or

(b) Possess current evidence issued by a regulatory agency of this or another state that they are qualified to teach in their particular subjects of instruction.

(6) If a private vocational school uses teacher assistants, aides, or trainees, it must maintain policies governing their duties and functions. Such personnel may provide services to students only under the direct supervision of a qualified instructor and may not act as substitutes for instructors.

(7) A private vocational school's owners, administrators, instructors, agents, and other staff must be of good moral character and reputation. The agency may find that a person is not of good moral character and reputation if the person: (a) Has been convicted of a felony within the last seven years or a misdemeanor that involved any sexual offense, or (b) is found to have made any false and material statements to the agency.

(8) Every private vocational school shall register its sales agents with the agency within thirty days of the school's hiring or contracting with the sales agent.

1 **Sec. 4.** RCW 28C.10.120 and 1993 c 445 s 3 are each amended to read
2 as follows:

3 (1) Complaints may be filed under this chapter only by a person
4 claiming loss of tuition or fees as a result of an unfair business
5 practice. The complaint shall set forth the alleged violation and
6 shall contain information required by the agency on forms provided for
7 that purpose. A complaint may also be filed with the agency by an
8 authorized staff member of the agency or by the attorney general.

9 (2) The agency shall investigate any complaint under this section
10 and shall first attempt to bring about a negotiated settlement. The
11 agency director or the director's designee may conduct an informal
12 hearing with the affected parties in order to determine whether a
13 violation has occurred.

14 (3) If the agency finds that the private vocational school or its
15 agent engaged in or is engaging in any unfair business practice, the
16 agency shall issue and cause to be served upon the violator an order
17 requiring the violator to cease and desist from the act or practice and
18 may impose the penalties provided under RCW 28C.10.130. If the agency
19 finds that the complainant has suffered loss as a result of the act or
20 practice, the agency may order the violator to pay full or partial
21 restitution of any amounts lost. The loss may include any money paid
22 for tuition, required or recommended course materials, and any
23 reasonable living expenses incurred by the complainant during the time
24 the complainant was enrolled at the school.

25 (4) The complainant is not bound by the agency's determination of
26 restitution. The complainant may reject that determination and may
27 pursue any other legal remedy.

28 (5) The violator may, within twenty days of being served any order
29 described under subsection (3) of this section, file an appeal under
30 the administrative procedure act, chapter 34.05 RCW. Timely filing
31 stays the agency's order during the pendency of the appeal. If the
32 agency prevails, the appellant shall pay the costs of the
33 administrative hearing.

34 (6) If a private vocational school closes without providing
35 adequate notice to its enrolled students, the agency shall provide
36 transition assistance to the school's students including, but not
37 limited to, information regarding: (a) Transfer options available to

1 students; (b) financial aid discharge eligibility and procedures; (c)
2 the labor market, job search strategies, and placement assistance
3 services; and (d) other support services available to students.

4 NEW SECTION. Sec. 5. This act takes effect July 1, 2006.

5 NEW SECTION. Sec. 6. If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

--- END ---

Developing *High Skills, High Wages 2006*: Update

We are making progress in developing *High Skills, High Wages 2006*. Three work groups have had their first meetings, and we are formulating a fourth work group on service integration. Board members are chairing each of the work groups. We had high participation rates and work group members have been enthusiastic and have already provided valuable input on updating the plan.

Work Group	Chairs	Meetings	Topics	Comments
Youth	Beth Thew Mike Hudson	1. December 14 2. February 17 3. TBA	Career & Tech. Ed, Dropouts, Guidance, Diversity	<u>Meeting 1</u> : Reviewed relevant strategies in current plan; Presentations on demographics, dropout prevention, pre-apprenticeship; Group brainstorming: barriers and strategies <u>Meeting 2</u> : Will continue group discussion, Review range of strategies collated by staff
Low-Income and Target Populations	Tony Lee Deb Marley	1. December 14 2. February 24 3. TBA	Wage progression, improving education, earnings and employment outcomes for people of color, individuals with disabilities, and women, ESL – occupational skills integration	<u>Meeting 1</u> : Reviewed relevant strategies in current plan; Presentations on demographics, Ford Foundation project – <i>Bridges to Opportunity</i> , Group brainstorming: barriers and strategies <u>Meeting 2</u> : Will continue group discussion,; Conduct “visioning exercise,” review range of strategies collated by staff
Skills Gap	Asbury Lockett Janet Lewis	1. January 5 2. TBA 3. TBA	Public-private partnerships, education capacity, training for current and dislocated workers, veterans’ issues	<u>Meeting 1</u> : Reviewed relevant strategies in current plan; Presentation from Representative Kenney and Rich Nafziger on “Opportunity Grant” proposal, Group brainstorming: barriers and strategies <u>Meeting 2</u> : Will continue group discussion, review range of strategies collated by staff
Service Integration	Karen Lee	1. February 7 2. TBA	WorkSource services for employers and job seekers, integration of services for workforce system	<u>Meeting 1</u> : Will review work group purpose; Will brainstorm barriers and strategies

Youth Work Group Members

Mike Ahern, Department of Social and Health Services, Aging and Disability Services
Bobbi Arnold, Evergreen High School
Kathy Bartlett, Special Education & Learning Director, Office of Superintendent of Public Instruction
Richard Berkowitz, Director, Pacific Coast Operations, Transportation Institute
Kelly Beverly, Center of Excellence in IT, Bellevue Community College
Craig Bill, Acting Executive Director, Office of Indian Affairs
Tamara Bosler, Tri-County Workforce Development Council
Rick Butt, Department of Social and Health Services, Childrens Administration
Shelly Calligan, Career & Technical Education Director, Puyallup School District #3
Madelyn Carlson, Executive Director, WorkSource Toppenish Services
Terry DiJoseph, Catholic Community Services*
Rod Duckworth, Career & Technical Education Director, Office of Superintendent of Public Instruction
Mike Eberle, DSHS/Juvenile Rehabilitation Administration, Green Hill School
Lisa Edwards, Workforce Development Dean, Clark College
Daniel Fey, Workforce Development Council Seattle-King County
Heather Fredericks, Construction Center of Excellence, Renton Technical College
Tami Gillespie, Employment Security Department, Employment & Training Division
Marianna Goheen, Career Development Assistant Director, Highline School District #401
Kirk Hopkins, Spokane Skills Center, Spokane School District
Mike Hudson, Institute for Workforce Development and Economic Sustainability
Uriel Iniguez, Washington State Commission on Hispanic Affairs
Jo Jacobson, Pierce County Careers Connections
Rosulund Jenkins, Commission on African American Affairs
Cinda Johnson, Seattle University, Center for Change in Transition Services
Kathleen Lopp, Washington Association for Career & Technical Education
Ed Madden, Apprenticeship Coordinator, Department of Labor & Industries
Mark Madison, Prof-Tech Education Director, Edmonds School District #15
Bill Moore/Sally Zeiger-Hanson, State Board for Community and Technical Colleges
Gay Neal, Human Services Planner, Olympic Workforce Development Council
Susan Quattrociocchi
Dana Richardson, Executive Policy Advisor Education, Governors Office
Lisa Romine, North Central Workforce Development Council
Ricardo Sanchez, Higher Education Coordinating Board
Marlena Sessions, Workforce Development Council of Seattle-King County
Elizabeth Smith, Policy Research Manager, Department of Labor & Industries
Beth Thew, Executive Secretary & Treasurer, Spokane Regional Labor Council
Dennis Wallace, Career & Technical Education Director, Yelm School District #2

Low-Income and Target Populations Work Group Members

Craig Bill, Office of Indian Affairs
Betty Buckley, Stone Soup Non-Profit Consultants
Kari Burrell, Executive Policy Advisor, Office of Financial Management, Core Team's Executive Sponsor
John Clayton, Director of Community Services, Department of Social and Health Services, Economic Services
Debbie Cook, Washington Assistive Technology Alliance
Kathy Cooper, Policy Associate, State Board for Community and Technical Colleges, Basic Skills Programs
Richard Corak, Worksource Director, Tacoma Goodwill Industries Rehabilitation
Aurea Figueroa, Department of Social and Health Services, Employment and Assistance Program
David Gandara, Director of Community Development, Moneytree, Inc.
Uriel Iniguez, Washington State Commission on Hispanic Affairs
Carlos Jacques, Special Populations Transition Director, Walla Walla Community College
Roslund Jenkins, Commission on African American Affairs
Cinda Johnson, Seattle University, Center for, Change in Transition Services
John Knutsen, Express Personnel Services
Ken Koernke, Employment Security Department, WorkFirst
Stephen Kozak, MIG Project Manager, Department of Social and Health Services, Division of Vocational Rehabilitation
Tony Lee, Fremont Public Association
Kelly Lindseth, Community, Trade, and Economic Development, Workforce
Deb Marley, Assistant Secretary, Department of Social and Health Services, Economic Services Division Administration
Israel Mendoza, State Board for Community and Technical Colleges, Office of Adult Literacy & Basic Skills
Leslye Miller, Employment Security Department, Employment and Training Division
Adrian Moroles, Sea Mar Community Health Centers
Paula Norby, Workforce Education Dean, Tacoma Community College
Terry Redmon, Department of Social and Health Services, Division of Vocational Rehabilitation
Don Renegarbe, Tacoma Community House
Rhonda Simmons/Mark Gardner, Seattle Jobs Initiative
Patricia Stoneman Lowe, Department of Social and Health Services, Division of Vocational Rehabilitation
Judy Thornton, Educational School District #101
Jennifer Thornton, State Board for Community and Technical Colleges, Workforce Education
Suzanne Wall, Service Employees International Union (SEIU) Local #775
Theresa Wea/Andi Smith, Higher Education Coordinating Board

Skills Gap Work Group Members

Richard Berndt, Director of Industry Sector Initiatives, Snohomish County Workforce Development Council

Marcus Courtney, Washington Alliance of Technology, Workers/CWA Local #37083

Jim Crabbe/Carolyn Cummins, State Board of Community and Technical Colleges, Workforce Education

Marilyn Dahl, Administrator, WorkSource North Seattle

Todd Dixon, Operations Manager, Moses Lake Worksource Affiliate

Nettie Dokes, City of Seattle Washington, Apprenticeship Committee

Diana Dollar, Edmonds Community College

Mabel Edmonds, Clover Park Technical College

Dave Gandara, Director of Community Development, Moneytree, Inc.

Julie Grant, Grant Conselling

Rich Hadley, President/CEO, Spokane Regional Chamber of Commerce

Rado Harrington, Sunnyside Chamber of Commerce

Barbara Hins-Turner, Centralia College Center of Excellence in Energy

Amy Johnson, Health Policy Coordinator, Spokane Regional Chamber of Commerce

John Lee, Department of Veterans Affairs

Janet Lewis, Labor Representative, International Brotherhood of Electrical Workers Local 46

Asbury Lockett, Consultant, Renton Technical College

Ed Madden, Apprenticeship Coordinator, Department of Labor & Industries

Susannah Malarkey, Technology Alliance

Cindy Morana, Washington State Council of Presidents

Scott Morris, Senior Vice President, Avista Corporation

Steve Mullin, Washington Business Roundtable

Carol Nelson, President and CEO, Cascade Bank

Linda Nguyen, Strategic Initiatives Planner, Tacoma-Pierce County Workforce Development Council

Bruce Nimmo, Workforce Specialist Worksource Vancouver Town Plaza

Mary Ellen O'Keeffe, Prof-Tech Education Dean, North Seattle Community College

Laura Porter, Department of Social and Health Services, Family Policy Council

Tim Probst, Washington Workforce Association

Jeffrey W. Raker, Economic Development Associate Puget Sound Regional Council

Ginger Rich, Manager, Community, Trade, and Economic Development, Business Retention & Expansion

Elizabeth Smith, Department of Labor & Industries

Jody Smith, Human Resources Director, Multicare Health System

Dodd Snodgrass, Port of Bellingham Economic Development Department

Randy Spaulding, Higher Education Coordinating Board

Deborah Stephens, Community, Trade, and Economic Development, Directors Office

Marc Webster, Office of Financial Management Education Division

Gena Wikstrom, Washington Federation Private Career Schools & Colleges

Jan Yoshiwara, State Board for Community and Technical Colleges, Education Services

Timeline	Date
Draft chapter on demographics	November 2005
Conduct first work group meetings: Youth, Skills Gap, Low-Income and Target Populations, PMCI	December 2005 – January 2006
Draft chapter on the economy	January 2006
Conduct second round of work groups, formulate fourth work group on service integration	February 2006
Write draft sections of Accountability Chapter	January to February 2006
Board approves first draft of Accountability Chapter (March 16) Board Approves Draft Action Plan for first round of electronic public review (March 16) Conduct third round of work group meetings	March, 2006
Draft System Chapter Write second draft of Accountability Chapter Write Second Draft of Action Plan	April 2006
Board approves second draft for public review	May 11, 2006
Conduct series of public forums for final input on the plan	May to June 2006
Board Reviews Final Public Input and Considers Changes	June 29, 2006
Board Adopts HSHW 2006	August 3, 2006

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

Workforce Innovation in Regional Economic Development (WIRED) Grants

On November 2005, U.S. Secretary of Labor, Elaine L. Chao, announced her Department's plans to award ten Workforce Innovation in Regional Economic Development (WIRED) grants. Governors were invited to submit a total of three grant applications on behalf of regions within their states. Selected regions will each receive a three-year grant of up to \$5 million a year to implement a transformational approach to their workforce and economic development systems.

On December 2, 2005, the Workforce Training and Education Coordinating Board distributed a special edition electronic newsletter attaching an open letter from Governor Gregoire's urging workforce and economic development partnerships across the Northwest region to consider applying for a WIRED grant.

On December 27, 2005, the following regional partnerships sent WIRED applications to Governor Gregoire for her consideration:

- Northwest Enterprise Development Alliance proposal submitted by the Kitsap Economic Development
- Advanced Materials and Manufacturing Innovation Center proposal submitted by Edmonds Community College
- Satsop Park Energy Coalition proposal submitted by Centralia College
- Economic Transformation of the Central Puget Sound proposal submitted by the Prosperity Partnership and the Puget Sound Regional Council (PSRC)
- Northwest High Performance Transformation proposal submitted by a Oregon-Washington partnership (two-state Vancouver/Portland/Salem metro area team)

Governor Gregoire's Executive Policy Advisor Marc Baldwin, pulled together a review team to recommend the top three applications. The review team included staff from the Employment Security Department, Department of Community, Trade and Economic Development, and the Workforce Board.

On January 3, 2006, Governor Gregoire mailed the Satsop Park and Prosperity Partnership proposals to the U.S. Department of Labor. On the same day, Governor Gregoire and Oregon Governor Theodore Kulongoski jointly submitted the Oregon-Washington proposal. Karen Lee, Juli Wilkerson, and David Harrison signed a joint letter of support for each of the three applications. Department of Labor and the U.S. Department of Commerce plan to announce WIRED grant awards in February 2006.



Workforce Training and Education Coordinating Board Government Management, Accountability, and Performance

The Workforce Training and Education Coordinating Board will hold Quarterly GMAP meetings convened by the Executive Director. Half of the agenda will examine the Agency Quality Improvement Plan, with responsible staff reporting on progress. The other half will be a single team reporting on its Performance Measures. This schedule would:

- Keep a clear focus on the agency improvement plan arising from our Baldrige type self-assessment
- Allow each team to report annually

We will use the Board Retreat for an annual wrap up on the GMAP measures. The Value and Benefits section of the Balanced Scorecard has been expanded for the teams' benefit.

GMAP Schedule:

- December 2005: Workforce Development System Policy and Research Team
- March 2006: Program Management Team
- June 2006: Workforce Development System Partnership Team
- August 2006 Retreat: Agency Measures



Workforce Training and Education Coordinating Board Team Performance Measures

System Partnership

1. Customer Focused Results
 - Satisfaction with System Partnership Team products and services as measured by the Workforce Development Council Directors' Survey.
 - Satisfaction with the Workforce Strategies Conference - as measured by post-conference evaluations.
 - Business Partners' satisfaction with Industry Skill Panels - as measured by an employer survey.
2. Financial Results
 - Team expenditures are within budget - as measured by agency budget records.
3. Human Resources
 - Satisfaction with Workforce Training and Education Coordinating Board operations and management - as measured by the annual team employee survey.
 - Timely and complete Performance and Development Plans.
 - Percentage of team members who spend at least 40 hours in professional development per year as identified in Performance and Development Plans.
4. Internal Business Processes
 - Continuous improvement of industry skill panels - as measured by the percentage of standards achieved.
5. Public Value and Benefit
 - Percentage of implemented strategies in Goals 1-4 of High Skills, High Wages.

Policy and Research

1. Customer Focused Results
 - Results from team publications' customer satisfaction surveys.
 - User count of Job Training Results/Eligible Training Provider List websites.
 - Workforce Development Council Directors' assessments of Policy & Research team products/services.
2. Financial Results
 - Whether or not the team's expenditures are within the team budget.
3. Human Resources
 - Employee survey results for the team.
 - Percentage of professional development plans that are completed on time.
 - Percentage of team members who spend at least 40 hours in professional development per year as identified in Performance and Development Plans.
4. Internal Business Processes
 - Percentage of projects completed on-time.
5. Public Value and Benefit
 - The Gap between supply and employer demand for postsecondary training.
 - Percentage of strategies in High Skills High, Wages that are implemented.
 - Percentage of policy recommendations supported by the Governor, House, or Senate.



Workforce Training and Education Coordinating Board Team Performance Measures

Program Management

1. Customer Results

- Results from Career Guide customer satisfaction survey.
- Results from Private Vocational School Act Advisory Committee meeting assessments.
- Washington Award for Vocational Excellence (WAVE) readers' assessment of WAVE scoring and procedures.

2. Financial Results

- Full utilization of resources to advance agency goals and priorities.
- No significant audit findings.

3. Human Resources

- Satisfaction with Workforce Training and Education Coordinating Board operations and management as measured by annual team employee survey.
- Timely and complete professional development plans.
- Percentage of team members who spend at least 40 hours in professional development per year as identified in Performance and Development Plans.

4. Internal Business Process

- Percentage of contracts reviewed and approved in a timely and complete manner.
- Percentage of invoices processed within 3-5 days.
- Full utilization of technology to accomplish agency's work as measured by percentage of workstations operational, website items posted in 1-3 days, and computer viruses prevented.
- Percentage of transcripts processed within 3-5 days.
- Percentage of licensed schools without student concerns or complaints.

5. Public Value and Benefit

- Number of Career Guide reorders from our current customers.
- Percentage of implemented strategies in High Skills, High Wages.

Workforce Training and Education Coordinating Board Balanced Scorecard

Our Vision

Washington's Workforce Training and Education Coordinating Board is an active and effective partnership of labor, business, and government leaders guiding the best workforce development system in the world.

Our Mission

We shape strategies to create and sustain a high-skill, high-wage economy. To fulfill this Mission, the Board will advise the Governor, Legislature, and other policymakers on workforce development policy and innovative practice, promote a seamless workforce development system that anticipates and meets the lifelong learning and employment needs of our current and future workforce, advocate for the training and education needed for success in the 75-80 percent of jobs that do not require a baccalaureate degree, and ensure quality and accountability by evaluating results, and supporting high standards and continuous improvement.

Our Goals

System Building: We will achieve meaningful results in building a comprehensive, customer-friendly, and efficient workforce development system.

Partnership Building: We will achieve meaningful results in bringing together the public and private sectors, as well as state and local partners, to address our state's workforce development needs.

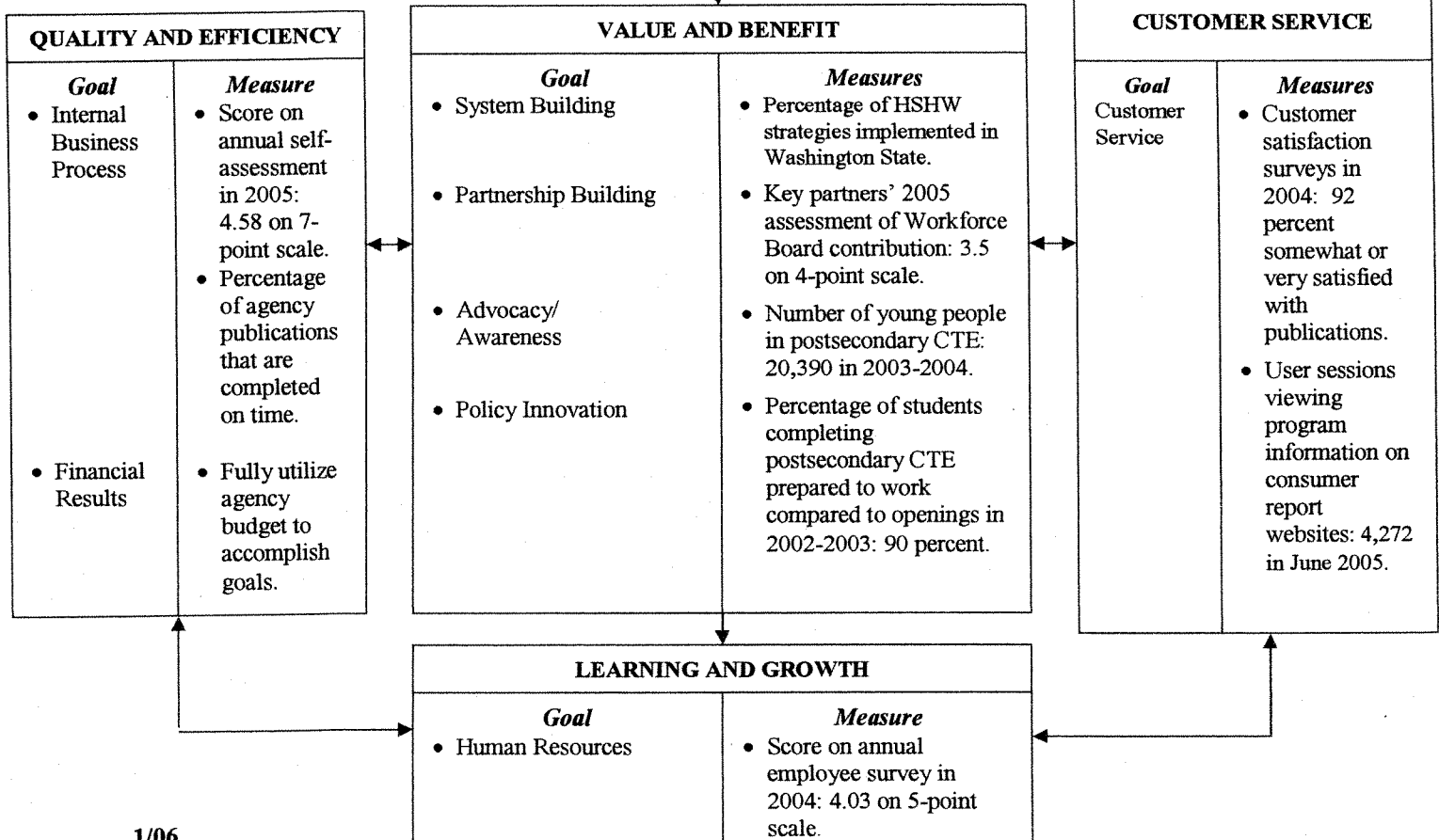
Advocacy/Awareness: We will spur personal commitment to lifelong learning as well as public recognition and investment by visible advocacy for a skilled workforce, especially at the nonbaccalaureate level.

Policy Innovation: We will craft recommendations on innovations in workforce development policies and practices at state and federal levels and foster their implementation.

Customer Service: We will provide services, products, and information that are valued by our customers.

Internal Business Process: We will continuously improve the quality and efficiency of our organization.

Human Resources: We will develop and sustain a work environment that attracts, recognizes, retains, and develops our employees.



Draft Workforce Board Agendas – 2006

March 16, 2006
Tumwater, WA

- Board members' reports
- State Legislative update
- Federal policy update
- Perkins policy - discussion/action
- OSPI High School Reform Agenda – presentation
- 2007-09 Biennial Budget submission schedule and process
- SBCTC report on Poverty and Training - presentation
- Eligible Training Provider List policy for 2006-2007 - action
- High Skills High Wages 2006: Performance Accountability and Agenda for Action* chapters
- Washington Learns update
- Work Readiness Credential implementation plan - action
- Advice to Governor on use of WIA 10 percent funds – discussion

May 11, 2006
Walla Walla, WA

- Board members' reports
- Federal policy update
- Washington Learns update
- PVSA bill implementation issues – discussion
- 2007-09 Operating Budget submission
- Skill Panel policy – target industries, funding process, technical support
- Advice to Governor on use of WIA 10 percent funds - action
- High Skills High Wages 2006 – approve draft for public comment – action
- WIA Section 503 Incentive Funds - discussion/action
- Federal policy update/issues - discussion
- Workforce Training Results 2006, Part 1* - presentation

June 29, 2006
Tacoma, WA

- Board members' reports
- Federal Legislative update
- Plan for Retreat
- 2006-07 Agency Operating budget - action
- 2006-07 Perkins Funds Distribution - action
- 2007-09 Biennial Budget Submission - discussion/action
- 2006-07 Plan for Labor Market Information - action
- Workforce Training Results, Part 2 - presentation
- WorkSource Outcomes - presentation
- High Skills High Wages 2006* – Review public comment/final - discussion

August 3-4, 2006 Retreat
Leavenworth, WA

High Skills, High Wages 2006 – final action on plan, including key strategic opportunities
2007-09 Biennial Budget submission - action

Review Workforce Development System, program, and agency performance.

Review: How are we doing together and as a system?

What are our major areas of Board focus for next 12 months?

September 27, 2006
Spokane, WA

Board members' reports

Sector Strategy: Report on Skill Panel funding decisions

Report from local Skill Panels

Work Readiness Credential – report on implementation

Federal policy update/issues - discussion

Operating Agencies' Policy and Budget requests – action

November 15, 2006
Seattle, WA

Interagency Committee
January 13, 2006
Meeting Notes

Attending: Patti Stoneman Lowe, Department of Social and Health Services, Division of Vocational Rehabilitation; Gary Kamimura, Employment Security Department; Jim Crabbe, State Board for Community and Technical Colleges; Holly McIntire, Federation of Private Career Schools; Debbie Cook, Department of the Blind; and Walt Wong, Pam Lund, Bryan Wilson and Ellen O'Brien Saunders, Workforce Training and Education Coordinating Board.

The only agenda item was review of the January 26, 2006, Board meeting agenda and draft materials.

Board Meeting Agenda

Work Readiness Credential: Pam Lund gave a project update and asked for feedback on the draft 2006 timeline's. Gary Kamimura asked if the Workforce Development Council's (WDC's) had shown an interest in the project. Pam Lund indicated that four of the WDC's are financial investors in the project. Patti Stoneman Lowe and Debbie Cook, both expressed an interest in how testing will be made accessible to people with disabilities. All agreed that the implementation time frames were very ambitious

High Skills, High Wages 2006: Tomorrow's Economy: Bryan Wilson shared the draft chapter.

Employer Survey Results: Bryan Wilson reported that we do not have the final data, but will have it in time of the printing of the Board packets.

Review Federal Program Results: Bryan Wilson reported that the state met the targets WIA and Perkins. State will be eligible to receive incentive funds if Adult Education and Family Literacy targets are met.

A Skilled and Educated Workforce: Joint Report: Bryan Wilson reported that he will be presenting the joint report to the Board along with Randy Spaulding, Higher Education Coordinating Board and Loretta Seppanen, State Board of Community and Technical Colleges.

Board Process for Workforce Development Council Certification: Ellen O'Brien Saunders indicated the policy and process has not changed.

Ellen O'Brien Saunders shared HB2630 Opportunity Grant and HB2597 Private Vocational School Act with the group.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

WORK READINESS CREDENTIAL PROJECT UPDATE

High Skills, High Wages Strategy 1.3.5

Enhance "Employability Skills" Training in Workforce Development Programs

Washington State, the District of Columbia, and the states of Florida, New Jersey, New York, and Rhode Island are making progress towards launching the Work Readiness Credential (credential). Along with the National Association of Manufacturers, the National Governors Association, the Institute for Educational Leadership, the National Retail Federation, and the U.S. Chamber of Commerce, the above states comprise the Policy Oversight Council, guiding the credential's development and validation.

Scheduled to "go live" in early summer 2006, the credential will measure non-technical "work-ready" skills that are needed by many employers across industries. New jobseekers and entry-level workers who earn the credential will be able to show employers that they have demonstrated the ability to apply situational judgment, reading, math, and communication skills in a work-related context. Education and training providers will be able to understand their students' achievement of the skills measured and create or match curricula and assessments that will prepare students for work. This will be especially helpful for people with little or no work experience or education credentials.

Since the July 2005 Board presentation, Phase 3 (field testing of the credential) has been in process across the nation. Washington has completed three field tests and has one more scheduled for February 3, 2006. Analysis of the nationwide field tests will occur in late February. The assessment will be refined and completed by June 2006.

This tab includes the marketing piece introducing the credential developed by state partners for use across the nation, the PowerPoint to be presented at the Board meeting, an implementation timeline, a Resolution on the certification system design, and articles published since the July 2005 Board meeting.

Board Action Required: For discussion only, action will be taken at the March Board meeting on an implementation plan.



Work Readiness Credential

2006 Draft Implementation Timeline

Washington State Launch

National Policy Oversight Council		Washington State	
January – February 2006			
<ul style="list-style-type: none">WRC Validation Process ContinuesJanuary 18/ Policy Oversight Council Meeting – Washington D.C. National Governance and Pricing DecisionsFinal field tests being conductedAnalyze Field Test ResultsSelection of subcontractor to ensure test integrityNational Marketing Plan in process <p>Presentations:</p> <ul style="list-style-type: none">National Association of Workforce Boards		<ul style="list-style-type: none">January 26/ WTECB Board Meeting Update and Implementation discussionFebruary 3/ Final field test – South Seattle Community CollegeState Partner/Stakeholder Meetings <p>Presentations:</p> <ul style="list-style-type: none">Workforce Education CommitteeWashington Chamber of Commerce ExecutivesCTE Directors & Advisory BoardLabor and IndustriesYakima stakeholdersThurston County Chamber of CommerceOlympia School District	
March - April			
<ul style="list-style-type: none">Set cut scores for passing each test and the credential as a wholeReview technical plan Request for QualificationsApril - Policy Oversight Meeting – DCField test reportDraft administrative manualCut score decisionNational Marketing Plan ReleaseSelection of Technical PartnerExplore how operations will be supported in the first year		<ul style="list-style-type: none">Identify employers to review cut scoresPartner/Stakeholder MeetingsDraft implementation plan based on stakeholder feedbackMarch 16/ Board Meeting – Approve implementation plan <p>Presentations:</p> <ul style="list-style-type: none">WAVA Spring ConferenceWAOE/Tech Prep Conference	
May - June			
<ul style="list-style-type: none">Assessment instrument revised based on field test findingsDevelop plan for Longitudinal Evaluation/template for data collectionJune 16/ Final instrument package and supporting materials delivered to state partners		<ul style="list-style-type: none">June – State Launch with Governor	
July - September			
To Be Determined		To Be Determined	



A Common Foundation for Employability National Work Readiness Credential

Pam Lund
Workforce Board

Joan Wills
Institute for Education Leadership

Amy Johnson
Spokane Regional Chamber of Commerce

Work Readiness Credential
January 2006



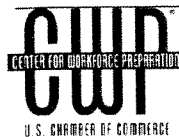
The Work Readiness Credential Will...

affirm an entry-level job seeker or employee has communication, interpersonal, decision-making, and lifelong learning skills, and understands how to apply those skills on-the-job.

The Credential measures what a person can do - not what he or she knows. Work-ready skills are common to many industries, not occupational specific.

Work Readiness Credential
January 2006

2



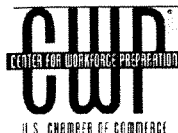
The Work Readiness Credential is...

- Built to the specifications of business
- Built on SCANS, O*NET and Equipped for the Future Applied Learning Standards
- A US DOL Approved Common Measure for Youth
- Like No Other Assessment Tool, Addresses Entry level Work Readiness

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

3



The Work Readiness Credential is...

- Built to work within the public workforce system
- Rigorously developed to ensure a valid, reliable, legally defensible certification of entry-level work readiness
- Results: Better Accountability to Customers
- A more efficient pipeline for entry level workers
- A strong foundation for moving up the career ladder

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

4



Benefits of the Credential for Job Seekers

New Workers,
Returning
Workers,
and
Transitioning
Workers,
Regardless
of Age



SKILLS
GAP

Access to
Good
Jobs and
Multiple
Career
Pathways

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

5



Benefits of the Credential for Employers

40% of job
applicants
lack the
basic skills
necessary to
do the work.



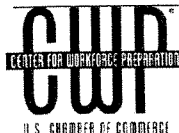
SKILLS
GAP

A pool of
qualified
applicants
who are
ready for
job-specific
technical
training.

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

6



Benefits of the Credential for The Workforce Development System

Education and
training programs
not aligned with
labor market
needs.

No formal
agreement on what
it is important for
students to know
or be able to do in
this area.

EFF Work Readiness Credential

SKILLS
GAP

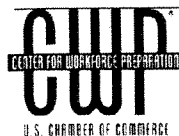
A direct link to
labor market
entry.

A common
standard of
success
means
programs
focus on
what's
important.

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

7



Benefits of the Credential for the Nation

More people
moving out of
poverty and
on the road to
a better life.

EFF Work Readiness Credential

SKILLS
GAP

US business
builds the
workforce
needed to be
global
leaders.

Source: US Chamber of Commerce

Work Readiness Credential
January 2006

8



Four Modules in the Assessment include:

- Read with Understanding: 30 min.
- Use Math to Solve Problems: 30 min.
- Oral Language Test: 30 min.
- Situational Judgment Test: 45 min.

Total length: 2 – 2 1/2 hours



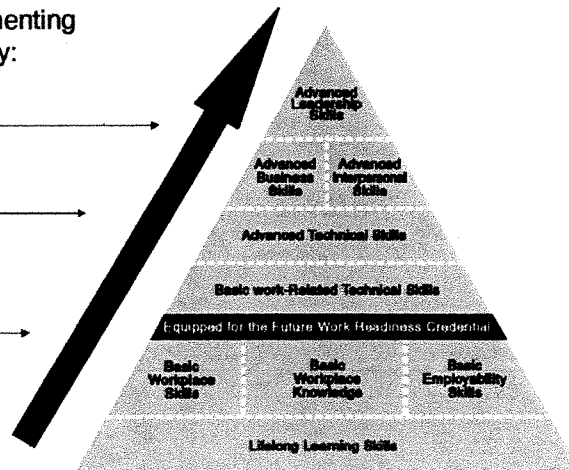
Building Skills is the Key to a Successful Career

Measuring and Documenting
progress along the way:

AA, BA Degrees

Occupational
Certifications

EFF Work
Readiness
Credential





Project Timeline

December 2002 – February 2004 – Phase 1

Define EFF Work Readiness Profile

March 2004 – April 2005 – Phase 2

Identify, develop, and pilot-test assessment instruments.
Design credential delivery system.

May 2005 – May 2006 – Phases 3 and 4

Field-test assessment instruments.
Finalize assessment instruments, guides to implementation,
and supporting materials.



Phase 3 - Field Tests

The field tests will validate: the technological, cultural, demographic and regional fairness of all four assessments AND how well the assessments predict work readiness (validating by both content and experiential measures).

In addition to the employee testing the content was evaluated to ensure the assessments lead to a credential that is a fair and accurate predictor of work readiness.

Supervisors and work readiness experts were asked to provide final content validity ratings for the field test series.

15 in-state employers/supervisors of entry level employees reviewed and commented on the "criterion measures"

Test questions were reviewed and discussed for their validity and effectiveness

The employers defined "what was good enough" to classify acceptance as an entry level employee



Field Tests Continued...

24 field test sites across the nation – approximately 800 participants

Four test sites in Washington – East/West, range of industries and company sizes, specified demographics, and non-native English speakers vital to the validation

At least 90% of the test takers were entry-level employees whose skills can be independently validated by their direct supervisors

Full web based presentation, including the Oral Work Based Language component



Washington State Field Tests

Field tests were sponsored by: Snohomish County WDC, Perry Technical Institute, Spokane Chamber of Commerce, South Seattle Community College

Spokane Chamber of Commerce and Spokane Community College hosted participants including employees from manufacturing, packaging, and the technology businesses in and around Spokane



Field Test Completion

Stanford Research Institute will validate the effectiveness of the testing instrument with their technical and educational partners

The web based assessment will be finalized for ease of access and operation

The test will be amended and designed to meet the Federal "Accessibility" standards to support the needs of all potential employees



National Steps for Implementation

- Decisions on National Governance and Pricing
- Completion of state field tests and national analysis
- Determination of cut scores by frontline supervisors
- Approval of Marketing Plan and Branding
- Work Readiness Credential Delivery
- Selection of subcontractor to ensure test integrity



What Are Other States Doing To Implement The National Credential?



Policy Questions

What do we want from the early implementation of the credential?

Oversight? If so what would this look like?

Data - if so what kind?

What does success look like?

What incentives would the state want to offer to ensure the success of the credential?

Do we want to establish pilots within the state in the first and second years?

What kinds of technical support will be needed?

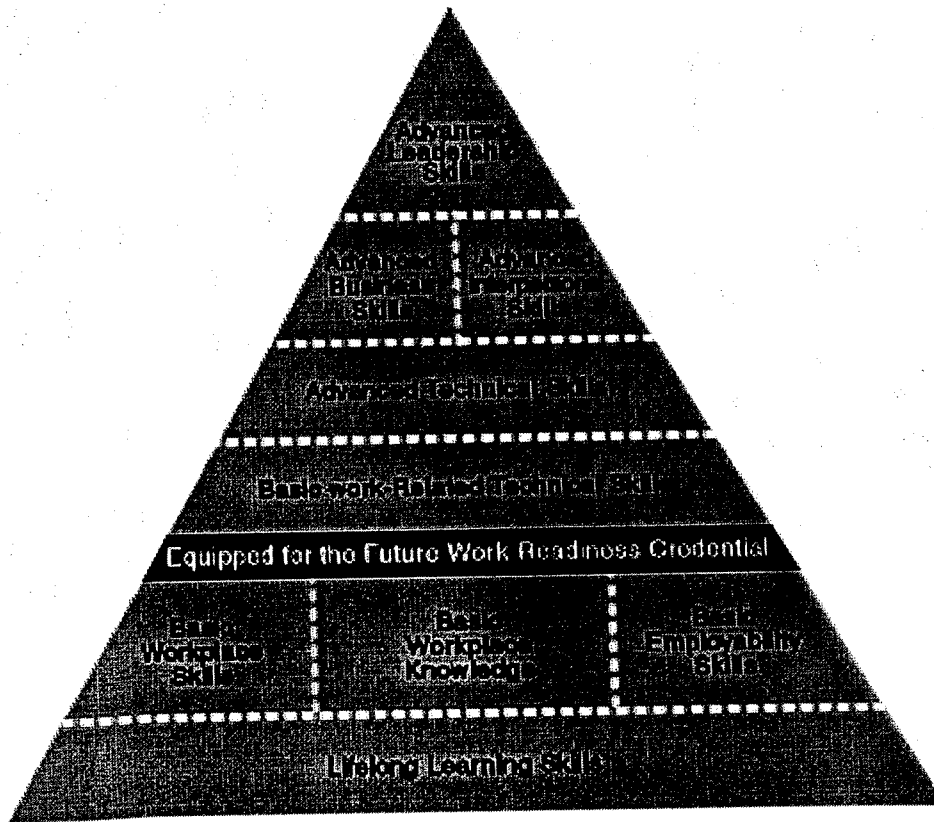


Delivery and Administration

Many types of organizations could house the assessment

- Administration time for staff would be minimal
- Log-in ID, and the national website will be provided.
- Equipment required:
 - Computer with Internet access
 - Adaptive equipment needed for people with disabilities
- Testing can be done at one's own pace

Looking for the best solution to certifying work readiness?
Take a look at the EFF Work Readiness Credential.



Created through a public-private partnership.

In 2002 policy makers from four states joined together with the National Institute for Literacy and national business leaders¹ to find a solution to a problem brought to us by businesses in our communities.

- Too many applicants for entry-level jobs lacked the basic academic and employability skills that enabled them to be productive, contributing workers.
- The businesses could not count on the state's workforce boards and one stop career centers to reliably refer qualified entry-level workers to them.

¹ The original investing partners in the WRC were the National Institute for Literacy, Workforce Florida, Inc., NJ Department of Labor, NY DOL, Washington State Workforce Training and Education Coordinating Board. Additional investing partners include: District of Columbia; Junior Achievement; and Rhode Island. National advisors include: Center for Workforce Development, Institute for Educational Leadership; Center for Workforce Preparation, U.S Chamber of Commerce; Center for Workforce Success, National Association of Manufacturers; National Association of Workforce Boards; National Governors Association; and National Retail Federation Foundation.

The President's No Child Left Behind (NCLB) Initiative was aimed at addressing the basic academic skills gap. But how were we going to address the employability skills gap?

Businesses defined the problem. So we asked business leaders from across industry clusters to define the solution. Their answer: a valid, reliable, assessment-based certification of work readiness skills based on a national, portable standard of what entry level workers need to know and be able to do. And, they told us, businesses needed to be the primary definers of that entry-level standard.

Built to the specifications of business...

To find out what mattered on the frontline, we conducted a year-long research process in businesses within Florida, New Jersey, New York and Washington and then asked representatives of businesses, chambers, and industry associations from across the country to respond to our research results. The consensus was that what was important for entry-level workers was *a strong foundation of critical employability skills*: the ability to cooperate with others, the ability to communicate orally in English as well as to read and write; the ability to solve problems, to resolve conflicts, to take responsibility, to learn and adapt to change. [online link to profile]

Built on SCANS, O*NET and Equipped for the Future Applied Learning Standards.

In 2002 the National Institute for Literacy was a logical convener for this effort. A small federal organization created by Congress in 1992, it had supported a 10-year national research effort in partnership with 17 states and the U.S. Departments of Education and Labor to develop the Equipped for the Future applied learning standards. These standards addressed more than traditional literacy skills: they addressed the full range of skills individuals needed to carry out their responsibilities as citizens, family members, and workers.

The Work Readiness Credential is built on this solid standards-based foundation, as well as more than a decade of work at the U.S. Department of Labor on SCANS and O*NET, and years of work in states across the country building industry-specific skill standards. The WRC updates this work by asking businesses to define the critical tasks and behaviors that new-entry-level workers need to carry out - and the skills and knowledge most important to carrying them out.

A US DOL Approved Common Measure for Youth

Because we have conducted the research to define a work readiness standard, the assessment package we have had developed to assess this standard can - and will - result in a credential which we believe will become as universal as the GED. The difference will be that while the GED certifies a range and level of skills development equivalent to high school completion, our Work Readiness Credential certifies a level and range of skills development necessary for entry-

level work. Recognizing the value of the WRC, the U.S. DOL has approved our credential as a way to meet the credential common measure for youth.

No Other Assessment Tools Address Entry-level Work Readiness.

Once we knew how businesses defined entry-level work readiness, we set out to find assessment tools that would address the critical employability gap. That's when we discovered that there were not existing tools that could be used to certify the full range of employability skills businesses agree are critical to success on the first rung of the career ladder.

We discovered lots of good tools for other purposes. But not for certifying the skills of applicants for entry level jobs. If we were going to meet the needs of the businesses in our states, we needed to build our own assessment package.

The WRC assessments measure nine skills that employers agreed were critical to successful performance of entry-level work:

Oral Communication Skills: Speak so others can Understand; Listen Actively
Interpersonal Skills: Cooperate with Others, Resolve Conflict, and Negotiate
Problem solving skills: Solve Problems and Make Decisions
Self Management and Learning Skills: Take Responsibility for Learning
Applied Foundation Skills: Read with Understanding; Use Math to Solve Problems and Communicate; and Observe Critically.

These nine skills are organized into four assessment modules. They include WR-Read, WR-Math, WR-Situational Judgment, and WR-Oral Language. The first three are multiple choice assessments based on short work-based scenarios that the test taker responds to. The WR-Oral Language Test is a state-of-the-art listening and speaking performance test.

The whole test battery takes approximately 2.5 hours to complete. But each module (30-45 minutes) can be completed separately within a four week period.

Built to work within the public workforce system.

The assessments have been built to be delivered by computer, through a web-based system, to assure maximum accessibility, ease of use, and the necessary security to support a high stakes employability test. Testing sites can be in any kind of organization—from one stop career centers to community colleges to businesses - that have a small computer lab and someone to serve as a proctor for test takers. No specialized assessment knowledge is necessary.

Rigorously developed to ensure a valid, reliable, legally defensible certification of entry-level work readiness

When the credential assessments are released in June 2006 you will be able to count on them to reliably identify individuals who are work ready. We are in the final stages of the field test of these assessments so that we can affirm

with confidence, that they reliably and validly measure work readiness according to this business-defined standard.

Once the credential is operational we will continue to collect data on results so that we can be sure that the credential is really working to make the difference that matters to individual jobseekers and to businesses seeking qualified, work ready entry-level workers.

Results: Better Accountability to Customers

In building the Work Readiness Credential we identified four critical system needs:

- Streamline the hiring and training process for businesses by identifying a work-ready pool of job applicants.
- Provide a strong "first rung" work readiness certification for jobseekers - including immigrants, out-of-school youth, and adults with low literacy skills, including TANF recipients and ex offenders.
- Build a more efficient, more accountable pipeline for preparing individuals for work.
- Improve the ability of state and local Workforce Boards to refer qualified applicants for entry-level jobs.

A more efficient pipeline for entry-level workers.

Because our Work Readiness Credential is based on a business-defined work readiness standard, states and local Workforce Investment Boards (WIBs) can use it to build a more effective regional pipeline for producing well-qualified workers to meet the needs of current businesses in the region and new businesses states hope to attract. Local WIBs can hold education and training vendors accountable for assuring that program participants really are work ready when they leave a program. This means WIBs can be more accountable to their business customers - delivering the quality they need to be competitive in a global economy.

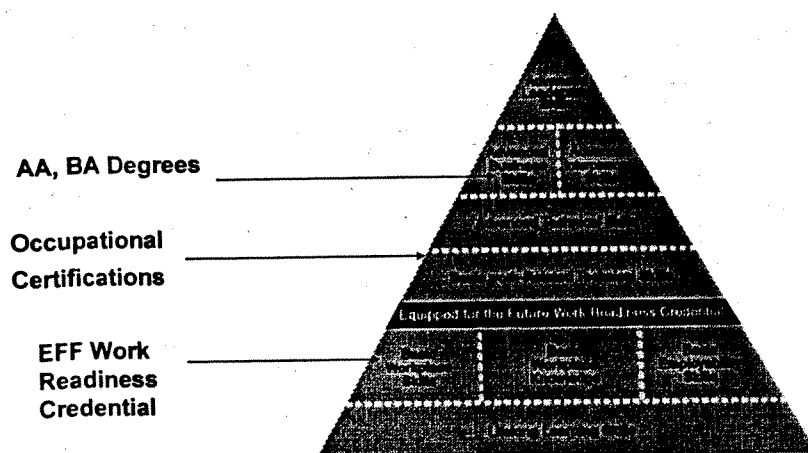
A strong foundation for moving up the career ladder.

The Work Readiness Credential is designed to complement the tools that WIBs and employers are already using to assess how well job applicants are prepared for specific jobs in specific industries or companies. Our credential assessments measure the skills needed to step with confidence onto the first rung of the career ladder.

States that are already using Work Keys as part of their services to match individuals to jobs will find that the Work Readiness Credential fills the gap Work Keys leaves when it comes to assessing entry-level employability skills like working with others, problem solving, and listening and speaking.

When it comes to assessing the technical skills needed to progress within specific sectors—from retail to health care to financial services to manufacturing—there are a range of excellent assessments already built to industry specific skill standards that states and employers will want to rely on. New assessments being built for high growth industry sectors can be constructed with confidence on the employability foundation the WRC measures.

The Work Readiness Credential: A Common Foundation for Employability

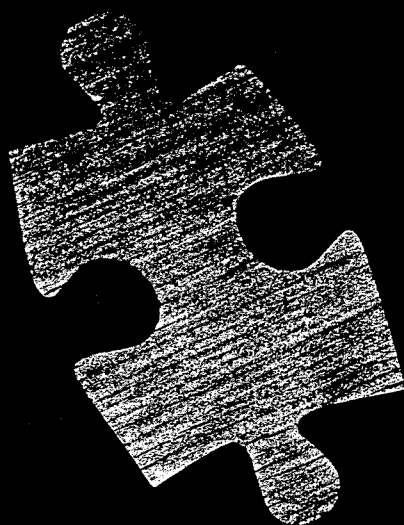


For more information about the Work Readiness Credential visit our web site at www.uschamber.com/cwp/strategies/workreadinesscredential.htm

Or contact any of us for more information:

- Kip Bergstrom, Rhode Island Economic Policy Council, kip@rip.org
- Andra Cornelius, Workforce Florida, Inc, acornelius@workforceflorida.com
- Karen Elzey, U.S. Chamber of Commerce, Center for Workforce Preparation, kelzey@uschamber.com
- Pam Lund, Washington Training and Education Coordination Board, plund@wtb.wa.gov
- Maggie Moree, NY DOL, Margaret.moree@labor.state.ny.us
- Henry Plotkin, NJ SETC, hplotkin@labor.state.nj.us
- Sondra Stein, US Chamber of Commerce, Center for Workforce Preparation, sstein@uschamber.com

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FOR THE
MISSING PIECE
TO YOUR
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TRAINING
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Workforce Washington

Work Readiness Credential

by Mike Hudson

In the last four employer surveys conducted by the State Workforce Training and Education Coordinating Board, employers have had one major complaint: "The entry-level prospects we interview don't have the basic work readiness skills we need."

Companies invest a great amount of time and money hiring and training entry-level employees. A resume can show skills on paper, but it does not insure that the person about to be hired can solve problems, be a team player, and meet the needs of customers. A solution is coming—it's called the Work Readiness Credential.

Washington has joined five other states and several national organizations such as the National Association of Manufacturers, National Retail Foundation, National Skill Standards Board, The National Governors Association, the Manufacturing Skill Standards Board, and the National Association of Workforce Boards to create the Work Readiness Credential. The project is coordinated by the U.S. Chamber of Commerce, Center for Workforce Preparation.

The WRC is based on a business-defined standard for entry-level work readiness. It reflects the knowledge, skills and abilities that front-line workers, supervisors, managers and other workforce experts agree are most important to successful performance or entry-level work in the 21st century.

The skills addressed in the standard include communication, interpersonal, problem-solving and learning skills, applied reading, and math. The WRC goes one step further and addresses workplace responsibilities including: how to acquire and use information to get the job done, use of appropriate technology, understanding and using systems, working with others, problem solving, responsible behaviors at work (coming to work on-time), and an applicant's ability to learn new skills to meet ever-increasing job challenges.

Employers will not be the only ones to benefit from the WRC. Jobseekers who have not earned a high school diploma, those who have been out of the workforce for a number of years, or immigrants who may have limited English language skills and whose credentials may not be recognized in the United States will find the credential extremely valuable. Since the WRC will be nationally valid, it will enable jobseekers that move to another state to quickly signal employers that they are prepared to carry out critical work responsibilities and learn on the job.

Another beneficiary of the WRC will be those organizations, agencies and programs that prepare or refer job applicants to employers. The ability of the WRC to define and assess work readiness will enable the workforce system to simply and reliably determine which individuals have the knowledge, skills and abilities to meet the standard by certifying them and referring them to appropriate job openings. Those individuals who cannot meet the standard may then receive more streamlined service. Instead of being referred to jobs for which they are not qualified, they can be offered more appropriate education and training opportunities where they can build the knowledge and skills needed to meet the work readiness standard.

The Work Readiness Credential will be ready by the middle of 2006. Washington's participation on the WRC means our employers and workforce organizations will have lifetime access to this valuable tool that will help insure a continuous stream of qualified job applicants. ■

Published: Wednesday, July 13, 2005

Test may ferret out best workers to hire

By Melissa Slager
Herald Writer

Employers seem to be spending more time these days bemoaning why their new employees show up late for work, don't listen and aren't ready to work when they get there.

But instead of wringing their hands, business leaders are hoping to achieve more maturity in the work force through a testing program.

"It's not really rocket science. It's understanding the value of showing up on time to work and ready to work," said John Knutsen, co-owner of Express Personnel in Lynnwood and past chairman of the Snohomish County Workforce Development Council.

"The issue," he said, "becomes, can you teach that or test that?"

A national effort claims it can, and the result will be the launch of a "work readiness credential" in the county in spring 2006.

Express Personnel was one of 70 state employers that took a survey two years ago on what they wanted in new workers - such as communication, interpersonal, decision-making and lifelong learning skills.

The credential will be awarded to people who pass a test and will help job seekers show prospective employers that they have the skills and understand how to apply them on the job.

The test will be reviewed and refined this fall, with training materials being developed into next year, before the launch.

Started two years ago as part of the National Institute for Literacy's Equipped for the Future initiative, the credential project is now under the coordination of the U.S. Chamber of Commerce. Washington is one of five states and the District of Columbia driving the effort, contributing \$350,000 from a combination of public and private sources. Snohomish County Workforce Development Council is contributing \$50,000.

"The need is overwhelming," said Rin Causey, president of the council. "Across the board, regardless of industry, businesses are asking for higher levels of maturity among those entering the work force."

More than half of Snohomish County employers surveyed by the council in 2004 reported difficulty recruiting entry-level workers. Communication and problem-solving were among the skills most lacking.

It mirrors a survey by the state Workforce Training and Education Coordinating Board, which is leading the state's involvement in the credential project. Statewide, one in four employers reported difficulty finding qualified workers. Of those, 85 percent said such skills were lacking.

The credential will not only help ease the hiring process, but also cut down on training and rehiring costs, said Pam Lund, associate director of the state work force board. "It's a retention issue."

To earn the credential, workers will have to pass a four-part online test of reading, math, problem solving and other skills. Most of sections are multiple choice, including one that covers real-work situations such as dealing with a difficult co-worker and has test takers pick the most and least effective options.

The top 10 skills an entry-level job seeker or worker should possess, according to the Equipped for the Future project: 1. Speaks so others can understand. 2. Listens attentively. 3. Reads with understanding. 4. Observes critically. 5. Cooperates with others. 6. Resolves conflicts and negotiates. 7. Uses math to solve problems and communicate. 8. Solves problems and makes decisions. 9. Takes responsibility for learning. 10. Uses information and communications technology.

An oral test then has them listen to a question and respond in a way that shows they understood.

In all, the test takes about 2 1/2 hours to complete, though it's not timed. Scoring is pass-fail.

The credential is seen as especially helpful for people with little or no work experience or education credentials.

WorkSource Snohomish County at Everett Station will be among local sites offering the test as well as training. Other local sites are not set, though community colleges and programs such as Job Corps are likely candidates, Lund said.

Causey said local employers will drive the success of the credential by requiring it of job applicants, for example. "It will probably sell itself."

Reporter Melissa Slager: 425-339-3465 or mslager@heraldnet.com.

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FEATURE STORY - August, 2005

Ready . . . Not

Today's entry-level applicants are so lacking in basic skills, a new credentialing test has been devised to ensure employers aren't left holding the remedial bag.

BY ELAYNE ROBERTSON DEMBY

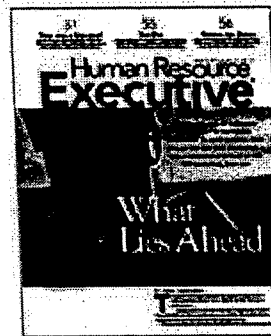
Marcia Vian, director of human resources for Hilton Hotels Corp.'s Doubletree Hotel in Bellevue, Wash., recently interviewed a candidate for a front-desk agent position. However, when she asked the American-born, high-school graduate with some college to define "customer service," he responded, "Customer service is, you know, customer service, it's like, you know, customer service." Vian then asked for an example of when he had provided excellent customer service and the response was "Well, um, I know I have."

The candidate's inability to articulate an answer was important. Front-desk agents have to have good communications skills, says Vian. "[They] are a pivotal point of contact for guests," she says.

Vian's experience was far from atypical. Entry-level workers often lack skills to do their jobs properly or advance up the corporate ladder. Applicants, says Vian, now often do not meet the minimum requirements needed to resolve guest issues. "If a person is not able to comprehend and determine a guest's needs, and can't problem-solve, then you could lose the guest," she says.

Concern is building over the quality of the workforce, says Dana Egreczky, vice president for workforce development at the New Jersey Chamber of Commerce. In 15 years, there will be 12 million to 14 million unfilled jobs nationwide because there will not be enough qualified workers to fill them, she says, citing data from Boston-based Jobs for the Future, an employment-promotion partnership, and economist Anthony Carnevali.

The problem is not about numbers, but quality. Entry-level employees often lack "soft skills," says Karen Elzey, a senior program officer at the Center for Workforce Preparation at the U.S. Chamber of Commerce in Washington. Interpersonal skills, in particular, are problematic. Young people now often have advanced computer skills, but do not know how to work with people face-to-face, and also do not know how to get along with other workers, says Kyle Adamonis, senior vice president of human resources and legal at Taco Inc., a manufacturer of heating and cooling products for the HVAC industry located in Cranston, R.I. Knowing how to learn the job is also a skill that newer workers have trouble with, says Sondra Stein, a senior consultant and project manager for the Work Readiness Credential at the U.S. Chamber of Commerce's Center for Workforce Preparation, also in Washington.



COVER STORY

- What Lies Ahead
- SIDEBAR: HR's Challenge

FEATURES

- Under the Radar
- Ready . . . Not

HEADLINES

- States Charge Smokers Higher Premiums
- Overtime Lawsuits Continue to be Filed
- Tourette Offers HR Challenge

Knowledge of the English language has also become an issue. Even when young workers are American, born and raised, they often are unable to convey ideas to supervisors or give or take information over the telephone. Many of the younger people, Adamonis says, now communicate via the computer, cell phone or e-mail in what she terms "e-mail language."

"But in business," she says, "you have to communicate in the English language."

To help human resource professionals ferret out the wheat from the chaff, a business-backed coalition led by the U.S. Chamber of Commerce is developing a work-readiness credentialing test to determine which workers are ready to enter the workforce and which need further training.

A Better Measure

To be sure, the need is there. Neither a high-school diploma nor a GED is a good, meaningful tool for assessing the work-readiness skills of entry-level candidates, says Kip Bergstrom, an executive director for the Rhode Island Economic Policy Council in Providence, R.I. A high-school diploma does not mean that a worker has any proficiency in math, reading or social relationships, says Egreczky. For example, she says, the average automotive-technology manual is written at a junior-in-college reading level, so a high-school graduate who reads at a sixth-grade level cannot comprehend that manual—obviously, a crucial skill if working in an automotive repair shop.

And because the issues go beyond just reading and math, federal and state programs aimed at raising the level of high-school graduates' proficiency in reading and math have not helped nearly enough. "More and more, you see standards in schools to raise reading and math skills, but there are no similar investments in raising interpersonal communications and social skills," says Stein. The problem is that schools produce graduates with book knowledge who have no idea how to apply that knowledge in real-life work situations, says Bergstrom.

Furthermore, Adamonis points out, high-school graduates are also not trained in industry-specific skills. For example, Taco needs machine operators and welders with blueprint-reading skills or numerically controlled computer programming skills.

The test is being developed by a partnership between the private sector and the public workforce-investment system. Funding for the project is coming from the U.S. Department of Labor as well as from the states of New Jersey, New York, Florida, Washington, Rhode Island and the District of Columbia.

The credential will test how well a person does in math, how they relate to language and how they make decisions based on certain conditions. It's expected to be ready for use in the spring of 2006. The initial launch will be in the states that have invested in it as well as the District of Columbia. The goal is that it will be recognized throughout the country.

"It will be a new national credential," says Stein. "Like a high-school diploma, this will be an additional certificate of skills attainment which will be proof that people are work-ready or ready to undertake higher education." It will not be a requirement for graduation, however.

The new assessment is being developed to use on multiple populations, including young workers and potential candidates, individuals coming from the Labor Department's one-stop career centers (training centers located throughout the country that provide job seekers with career guidance and employers with sources of potential recruits), dislocated workers, workers who have been out of the workforce for a period of time and immigrants. It was based on standards developed by Equipped for the Future, an initiative of the National Institute for Literacy, says Elzey. In developing the test, the first step was to identify the skills new workers need for critical entry-level jobs.

According to Stein, a three-stage process was conducted. First, there was an online survey in

which front-line supervisors and human resource professionals were asked to rate entry-level tasks according to which ones were most important for entry-level work. They were also asked which skills were most important for enabling entry-level workers to carry out those tasks.

That survey was conducted in the four states that were partners in the credential: Florida, Washington, New York and New Jersey. The second step was to take the rated tasks and skills of the first survey and get feedback from other supervisors and front-line workers to see if they agreed. Then, the U.S. Chamber sent out the rated skills and tasks to get feedback across the country. The skills determined necessary for entry-level workers, to be used in the assessment, are: 1) both oral and reading communications skills, 2) interpersonal skills including cooperation and conflict resolution, 3) problem-solving skills, 4) math skills and 5) learning skills.

The test will be Web-based on a secure server that will be offered through employment agencies, community colleges and perhaps some high schools.

Employers could even offer it as well, says Stein, although she believes most will refer candidates to centers where they can take the test. "Basically," she says, "employers will say, 'Here's where you can take the assessment; if you pass, then we'll be interested.' "

The exam is scheduled to undergo field tests starting in September 2005 and ending in December 2005. One of the issues to be addressed in the field is a determination as to what the cutoff level for passing the exam will be. Although the cutoff point has yet to be established, potential employees taking the credential would receive either a pass or fail grade. Candidates who fail to pass will not necessarily be unemployable in the long term. The exam will also be used to determine what education candidates need to become effective entry-level workers, says Elzey. For example, if it's given in one of the one-stop career centers and someone does not make the grade, the career center could then direct the job seeker to appropriate remediation to get the required skills.

"If someone doesn't pass, [he or she can still] build the skills needed to be work-ready," says Stein.

Great Expectations

The hope, says Vian, is that the credentialing test will help human resource professionals identify people who have the aptitude to learn and the right attitude to work with people. "We're looking for a process that demonstrates they are ready and prepared to work," she says, the end-result being that the organization can save on recruitment and training costs and improve the opportunities for advancement.

And, while the focus of the credentialing is on entry-level workers, some employers are eyeing it as a panacea to filling positions higher up. At LifeSpan, a Providence, R.I., health system that owns and manages five hospitals in Rhode Island, workforce shortages are in upper-level positions, not entry-level positions, because the organization has superior pay and benefits for entry-level workers, says Brandon Melton, senior vice president of human resources. Lifespan's vacancy rates in nursing and allied health positions, however, are 10 percent to 35 percent because these positions require more skills and education, and because the training programs are small and require at least a two-year associate's degree.

LifeSpan views the work-readiness credential as an important first step in getting employees ready to learn the skills to move into managerial or technical positions. Good communications, math, computer knowledge and learning skills are the first rung in the ladder, says Melton. "We want to move as many of our entry-level employees as possible [into these higher positions]," says Melton. For instance, LifeSpan has an in-house radiology technician training program and provides employees with benefits for other training programs as well.

However, Adamonis has some doubts about the ability of a one-size-fits-all approach.

"This attempt at credentialing is a good first step, but it will probably need further refinement to individualize it for a particular industry," she says. For example, she adds, the skill set that an entry-level worker needs in the medical-service profession is vastly different than those needed in manufacturing.

Furthermore, says Adamonis, nothing will probably ever take the place of real-life work experience. "I don't think schools will ever be able to take actual on-the-job experience and teach that to children," says Adamonis. To that end, Taco set up its in-house worker training center in 1992. At the time, the company wanted to retrain long-term employees in new manufacturing techniques and skills. "We wanted to both retrain current employees and continually elevate their skills," she says.

Eventually, the center's programs grew to include helping entry-level workers develop needed skills, such as teaching workers English as a Second Language.

"We need to understand that applicants are going to come and we have to take the responsibility to train them," Adamonis says.

Send questions or comments to hreletters@lrp.com.

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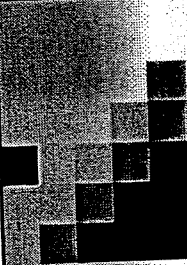
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Work Readiness Credential

July 2005 Project Update

Pam Lund – Workforce Board
Sondra Stein – U.S. Chamber of Commerce

A Cross-Industry Led Effort

Businesses across industries have common workplace expectations for foundational or "work-ready" skills.

If an employer can't hire and retain a "work-ready" entry-level employee, it affects:

- productivity
- sales
- quality of products and services

Work-ready skills are just as important to an employer as technical training.

Workforce Board Connection

- About 40 percent of the respondents to the Workforce Board's 2004 Employer Survey have difficulty finding job applicants with:
 - Problem Solving or Critical Thinking Skills
 - Communication Skills
 - Positive Work Habits
- High Skills, High Wages Strategy: 1.3.5
 - Enhance "employability skills" training in workforce development programs

Policy Oversight Council (POC):

New Jersey
New York
Florida
District of Columbia
Rhode Island
Washington

National Partners:

Institute for Educational Leadership
National Association of Manufacturers
National Governors Association
National Retail Federation
U.S. Chamber of Commerce

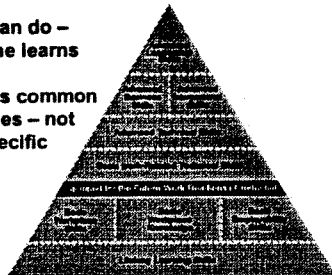
The Work Readiness Credential Will...

affirm an entry-level job seeker or employee has communication, interpersonal, decision-making, and lifelong learning skills, and understands how to apply those skills on-the-job.

What Will the Credential Measure?*

*Based on Equipped For the Future Basic Education standards

- What a person can do – not how he or she learns
- Work-ready skills common to many industries – not occupational specific



The Employer-Desired Skills:

- Speak so Others can Understand
- Listen Actively
- Read with Understanding
- Observe Critically
- Cooperate with Others
- Resolve Conflict and Negotiates
- Use Math to Solve Problems
- Solve Problems and Make Decisions
- Take Responsibility for Learning
- Use Information and Communications Technology

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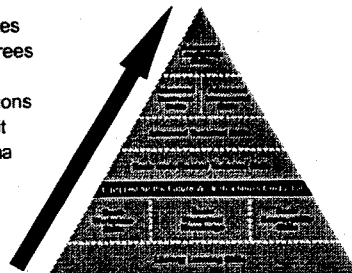
- The **reading with comprehension** and **applied math** tests measure how a person applies his or her basic academic skills in order to communicate on-the-job, or accurately solve a problem.
- The **oral assessment** and **situational judgment** tests measure how effectively a person uses his or her foundational skills in order to successfully complete a job-related task.

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How Does it Compare to Other Assessments? A tool available for the path to success

Advanced Degrees
Advanced Certificates
Baccalaureate Degrees
Associate Degrees
Technical Certifications
WorkKeys/Select Fit
High School Diploma
CASAS

Work Readiness
Credential



U.S. Chamber of Commerce

Programs & Initiatives

Work Readiness Credential Project

The Center for Workforce Preparation has become the new national home of the Equipped for the Future Work Readiness Credential Project, a national partnership formed in 2002 to develop a portable, nationally-recognized, assessment-based work readiness credential. In response to business concerns about the difficulty of finding qualified applicants for entry-level work, the WRC is based on a cross-industry consensus, derived from multiple business sectors, of what entry-level workers need to be able to do to be fully competent.

The WRC is designed to address employer demand for a work readiness credential that provides:

- An accurate reflection of the full range of knowledge and skills critical to successful entry-level performance
- A valid and reliable measure of performance in real world applications
- A reliable, highly defensible predictor of effective entry-level performance
- A consistent standard across the country
- An appropriate foundation for industry-specific skill standards and qualifications

The credential assessment and delivery system is slated to be field tested in September in partner states and to be available for broad use by employers, businesses, One Stop and education and training providers in 2006. There is also discussion in developing materials based on the Equipped for the Future skill, knowledge standards to ensure that education and training providers are ready to help young people and adults develop the skills and knowledge they need to meet the standard and be further on work ready.

Work Readiness Credential

The Work Readiness Credential is based on industry-validated (EFY) applied learning standards and business endorsement on what work readiness means. It provides a common, portable measure for defining, assessing, and certifying that individuals can meet the demands of entry-level jobs and learn on the job.

Learn More

Join Today

About the Center for Workforce Preparation

Center for Workforce Preparation
U.S. Chamber of Commerce

Marketing, planning, and business engagement at the national level:

- Brand identity development
- Plain-English media kit and promotional materials
- Accuracy and timeliness of media
- Website and "FAQ" development
- Pursuing additional state and national partners
- National "name" recognition for awarding the credential
- Engaging business for field tests

WRC Pilot Tests

The pilot test was administered to test the effectiveness and content of the assessment tool:

- Are the instructions clear?
- Do the items reflect real work situations?
- Are the items pitched at the right level, with answers that are realistic alternatives?
- Are the skills we intend to measure being measured?

Pilot Tests Completed

Three of the four assessments were designed by SRI and HumRRO, and were tested in March and April 2005:

- Reading with Comprehension
- Basic Math
- Situational Judgment

The fourth assessment – Oral Language – is being developed and tested through cognitive labs by the Center for Applied Linguistics.

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Pilot Test Results - National

Pilot Site Locations		
STATE	# of Participants	# of Supervisors
Florida	13	6
New Jersey	22	3
New York	43	8
Washington, DC	22	2
TOTAL	130	28

- Pilot test sites in 7 locations
- Diversity comparable to national demographics
- Nearly half of participants were not currently working
- 43% of participants were 25 years of age or younger
- 35% of participants were 40 years of age or older
- Most participants had earned a high school diploma or less
- Supervisors provided independent ratings of SJT items

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Pilot Test Results - Washington

Tacoma and Wenatchee – great work recruiting participants and supervisors

- High percentage of ESL participants
- Strong range of ages and backgrounds
- Highest number of supervisor participation in the nation – thanks to these organizations:
 - Tacoma-Pierce County Education and Training Consortium
 - Wenatchee World News
 - Accor Technologies
 - Exterior Solutions
 - Goodwill Industries
 - All State Insurance
 - Washington State Employment Security Department

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Pilot Tests – Overall Findings

- All three assessments met pilot test criteria for clarity, reflection of real-work situations, and accurate measurement of skills and skill level
- High percentage of questions on each assessment performed well
- Average rating (based on a 3-point scale) was greater than 2.50

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Field Tests - Fall 2005

Different than pilot tests – field tests measure:

- the fairness of all four assessments
AND
- how well the assessments predict work readiness (using both content and criterion validity measures)

in order to ensure assessments lead to a credential that is a fair and valid predictor of work readiness.

- Supervisors and work readiness experts will be asked to provide final content validity ratings in the upcoming field tests

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Field Tests - Fall 2005

Extensive work ahead...

- At least 17 field test sites needed across the nation – approximately 600 participants
- Three test sites in Washington – East/West, range of industries and company sizes, and non-native English speakers vital to success
- At least 90% of the test takers must be entry-level employees whose skills can be independently validated by their supervisors

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Credential Roll-Out

- What are other states thinking?
- What possibilities exist for Washington State?

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Governance

No governance decisions made – partnering states asking their Workforce Boards to think about:

- Should there be a national governing board to provide oversight and stewardship of the credential – a continuation of the Policy Oversight Council?
- What governance roles should be reserved for individual states?
- What administrative/management role should be national? What roles should the states have?

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**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

TOMORROW'S ECONOMY

This is a draft of the first chapter of *High Skills, High Wages 2006*.

Over the past two years, Washington's economy has been recovering well from the last recession. Job growth has been robust, the labor force has increased, and the unemployment rate has fallen. In fact, Washington has shown more economic vitality than the nation as a whole. Forecasts indicate that our economy should continue to see job gains, although perhaps not at the level of 2005.

Technological advancements and globalization will continue to affect the jobs created and available, and the skills required of workers. New jobs will increase the demand for more highly- and differently-skilled labor. In order for Washington to remain economically competitive, we will need to ensure that we have a workforce with the training and skills required.

Employers report shortages of both job-specific and employability skills. Job vacancies in spring 2005 were especially high in the health care and social assistance industry. The construction industry reported the highest percentage of *new* openings among its vacancies.

Long-term projections indicate that the information and services industries are the fastest growing driven by software publishing and professional and business services.

Board Action Required: None. For discussion purposes only.

TOMORROW'S ECONOMY

High Wages for the Highly Skilled

Washington's economy, like that of the U.S. economy as a whole, is continuing its transition from one based mainly on the production of goods to one based more and more on knowledge and information. This emerging knowledge-based economy has been increasing demand for workers with more advanced skills and higher levels of education than in the past. The upside of these changes is that many of these jobs are not only the fastest growing, but also the best paying ones. In order to obtain these jobs, workers will generally require some form of postsecondary education or training, they won't, however, usually require a four-year degree.

Technological advances and globalization have fostered significant changes in workplace technology and in the way that workplaces are organized. Employers have invested heavily in technology, especially information technology (IT), and have instituted high-performance workplace practices such as teaming and quality improvement. However, these changes flourish only where there are workers with the requisite skills. If Washington wants its citizens to enjoy high-paying jobs, we must prepare people to use current and emerging technologies and function effectively in high-performance workplaces.

Global competition is intensifying, and the offshore outsourcing of knowledge work overseas has raised concerns about our future. Economists believe that our economy will continue to generate good jobs, but, to take advantage of new opportunities, Americans must achieve higher levels of education and training.

Even during the recent economic downturn, employers reported a shortage of job applications with the skills required for the contemporary workplace. In the current stronger labor market, these skills shortages will become even more severe. The state's workforce training and education system faces the challenge of preparing enough workers with the kinds of skills employers are looking for.

Education and training are key ingredients to economic growth and competitiveness. Our willingness to invest in educating and training our people will largely determine the long-term rate of growth for Washington's economy. These investments will also help to narrow the wide gap in earnings that have arisen across workers with different skill levels.

The National Economic Recovery

In late 2002, the nation began to recover from the 2001 recession. Early on, the recovery was fueled by increases in productivity (i.e., output per worker) resulting in more goods and services; there was, however, little creation of new jobs. It was not until the late 2004 that the recovery was coupled with large increases in jobs.

In 2005, the nation's economy continued a relatively robust expansion despite the disruptions in late August and early September 2005 caused by hurricanes Katrina and Rita. The Gross Domestic Product (GDP) in the third quarter 2005 grew at an annual rate of 4.3 percent after

increasing 3.3 percent in the second quarter.¹ The increase in real GDP resulted from strong consumer spending, business investment in equipment and software, federal government spending, and residential fixed investment increases. These quarterly increases compare to an annual rate of 4.2 percent in 2004 and 2.7 percent in 2003. The forecast calls for growth rates of 3.3 percent in 2006 and 3.0 percent in 2007.²

National non-farm payroll employment³ rose 1.1 percent in 2004, the first significant increase in four years.⁴ The added employment in 2005 is projected to result in a 1.6 percent increase, with forecasts of 1.5 percent in 2006 and 1.2 percent in 2007.⁵ The unemployment rate for 2005 is expected to be 5.11 with forecasts of 4.89 in 2006 and 4.98 in 2007.⁶

Washington's Economy

Washington State's economy was especially hard hit by the last recession. Job growth, however, began in earnest in 2004 and became even more robust in 2005. Washington's job recovery has been outpacing that of the nation. Between October 2004 and October 2005, non-farm employment increased by about 78,000 jobs, a 2.8 percent increase.⁷ Over-the-year gains were widespread by sector (see Figure 1). Construction led all other industries with 15,400 new jobs; the large majority in the specialty trades. The gains in employment were triggered by the booming housing market.

Professional and business services added 13,500 jobs. While increases were experienced across the subsectors, the largest were in employment services (2,500) and architectural and engineering services (1,500). The retail and wholesale trade sectors added 12,400 jobs with most of that increase in retail (8,200) and wholesale (4,200) trade. Manufacturing employment increased by 8,200 jobs; most in aerospace (6,900). Boeing ended the year with a substantial number of new orders for a wide variety of its aircraft. The leisure and hospitality industries added 7,800 jobs, with 7,500 in accommodation and food services. Education and health service industries added 6,200 new jobs, with 6,900 health services and social assistance jobs offsetting the losses experienced by education services.

¹ Bureau of Economic Analysis (BEA), "Gross Domestic Product: Third Quarter 2005 (Preliminary)," *News Release*, November 30, 2005, <http://www.bea.doc.gov/bea/newsrelarchive/2005/gdp305p.htm> (12/05/2005).

² Economic and Revenue Forecast Council (EFRFC), *Washington Economic and Revenue Forecast*, November 2005, Volume XXVIII, No.4, <http://www.efrc.wa.gov/pubs/Nov05puib.pdf> (12/06/2005).

³ Non-farm, also known as non-agriculture, employment includes private and government industries. Private industries include goods-producing and service-providing industries. The major sectors in goods-producing industries include natural resources and mining, construction; and manufacturing. The major sectors in service-providing industries include trade, transportation, and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; and other services.

⁴ EFRFC, November 2005, p.6.

⁵ EFRFC, November 2005.

⁶ EFRFC, November 2005.

⁷ Washington ESD, Labor Market and Economic Analysis Branch, "Washington State Employment Situation Report for October", November 15, 2005, http://www.workforceexplorer.com/admin/uploadedPublications/5763_ESR_Nov15_05R.pdf (11/16/2005).

Figure 1. Over-the-Year Non-Farm Wage and Salary Employment Gains by Industry Sector: October 2004 to October 2005

Industry Sector	Seasonally Adjusted Gains in Thousands
Total Non-Farm	77.5
Construction	15.4
Professional and Business Services	13.5
Manufacturing	8.2
Transportation Equipment	8.0
Retail Trade	8.2
Leisure and Hospitality	7.8
Education and Health Services	6.2
Government	5.3
Wholesale Trade	4.2
Financial Activities	3.0
Other Services	3.0
Information	2.9
Transportation, Warehousing, and Utilities	0.0
Natural Resources and Mining	0.0

Source: Employment Security Department (ESD) LMEA, "Washington State Employment Situation Report for October," November 15, 2005.

In addition to employment gains, Washington had a seasonally-adjusted unemployment rate in October 2005 of 5.6 percent, a decline of 0.4 percent since October 2004. The estimated number of unemployed workers declined from 195,900 to 188,000. Washington's economy experienced these decreases in the unemployment rate despite adding 82,500 individuals to the labor force.⁸

Long-Run Trends Increase Skill Requirements

There are two major economic trends that have been and are expected to continue to affect our future workforce—technological advances and globalization. These trends will continue to increase the demand for more highly- and differently-skilled labor. Keeping up with this demand will pose stiff challenges for both our economic competitiveness and social cohesion.

Technological Advances

Over the years, new technologies have generated new products and industries, as well as changed the way firms are organized and how workers are utilized.⁹ Future technological advances are expected to continue to do so. With new technologies come changing job skill requirements.

⁸ Ibid.

⁹ Lynn A. Karoly and Constantijn W.A. Panis, *The 21st Century at Work: Forces Shaping the Future Workforce and Workplace in the United States* (Santa Monica, CA: RAND Corporation, 2004). Paul Sommers, *Drivers For A Successful Technology-based Economy: Benchmarking Washington's Performance* (Seattle, WA: Technology Alliance, May 2003).

Although some technologies have created demand for unskilled workers, more have engendered demand for higher skilled workers.

In 1999, the U.S. Department of Labor (DOL) examined the extent of skill upgrading in the U.S. economy.¹⁰ Average skill levels were found to have increased significantly during the 1990s, and occupational upgrading within industries was the primary source of skill change. There were substantial skill shifts both among broad occupational groups (e.g., technical workers have replaced laborers) and shifts within broad occupational groups (e.g., secretaries have become administrative assistants who perform more complex word processing and database management instead of typing and filing).

Workers in nearly every field have had to learn new skills as they have incorporated computers into their jobs. Machine tool operators make parts using computer-controlled machines. Forklift operators in factories use computerized inventory locating devices. Cars, traffic lights, heating and cooling systems, hospitals, machine shops—all have become computerized. Not only have employees needed to learn to use new, highly sophisticated machines, they have also had to learn, and often design, whole new organizational processes associated with those machines. Many U.S. manufacturers have reduced the number of supervisors in their factories and given workers greater responsibility for ensuring quality, redesigning manufacturing processes and improving products. Companies are adopting participatory, “high-performance” work systems that place more authority and problem-solving responsibilities on front-line workers. Jobs are more broadly defined, employees work in collaborative teams wherein success demands effective communication, and outcomes are focused on timeliness, quality, and customer service.¹¹

Globalization

Washington, more than any other state, relies on foreign trade. Estimates indicate that in 2005, one in three jobs in Washington was directly or indirectly supported by international trade.¹² Washington’s industry leaders in aerospace, forest products, software, financial and legal services, and agriculture derive a significant portion of their revenues through foreign exports. In 2004, Washington State exports equaled \$33.8 billion.¹³

¹⁰ U.S. DOL, “The Many Facets of Skills,” Chapter 2 of the *Report on the American Workforce*, 1999

¹¹ Karoly & Panis, 2004, p. xxv.

¹² Washington State Department of Community, Trade, and Economic Development (CTED), *Why Trade is Important*, http://www.cted.wa.gov/portal/alias_cted/lang_en/tabID_159/Default.aspx (11/28/2005).

¹³ CTED, 2004 Top 50 Washington State Origination Export Totals by Commodity (HS Code), http://qa.cted.wa.gov/cted/documents/ID_276_Publications.pdf (11/28/2005).

There is consensus among economists that globalization, at the aggregate level, has and will continue to have a favorable effect on income, prices, consumer choice, competition, and innovation in the U.S.¹⁴ The effects of globalization, however, accrue unevenly across industries and individuals. Workers displaced by competition will generally be able to find jobs; earnings losses, however, may be significant for some.

Some portion of this displacement comes from outsourcing of jobs offshore. No one knows for certain the extent to which firms currently send work offshore, and it's difficult to know how widespread it will become. The government does not track offshoring, and firms are naturally reluctant to disclose information about it. Still, the practice appears to be on the rise. Forrester Research expects that the number of U.S. jobs outsourced will grow from about 400,000 in 2004 to 3.3 million by 2015, or about 250,000 per year.¹⁵ Estimates suggest that up to 14 million Americans now work in occupations—including financial analysts, medical technicians, paralegals, and computer and math professionals—that could reasonably be considered at risk.¹⁶

Will there still be good jobs left in U.S.? Most economists think so. First, many jobs are not at risk of being outsourced. The most vulnerable jobs and occupations are ones with the following attributes or features:¹⁷

- No face-to-face customer servicing requirements
- High information content
- Work process is telecommutable and Internet enabled
- High wage differential with similar occupation in destination country
- Low setup barriers
- Low social networking requirement

Cost differentials, the availability of highly-educated graduates, the widespread acceptance of English as the language of business and communication, and other institutional and cultural compatibilities are factors that facilitate the offshoring of U.S. jobs to certain foreign countries. Nevertheless, the three major emerging market economies—China, India, and Russia—that have a sizeable higher education sector, have barriers that could constrain future growth.¹⁸ India has not been able to provide basic school education on the wide-scale level that would ensure future

¹⁴ Martin N. Baily and Diana Farrell, "Exploding Myths About Offshoring," (McKinsey Global Institute, April 2004), http://www.mckinsey.com/mgi/reports/pdf/exploding_myths/explodingoffshoringmyths.pdf (November 28, 2005). L. Josh Bivens, "Truth and Consequences of Offshoring," Economic Policy Institute Briefing Paper, <http://www.epi.org/content.cfm/bp155> (10/28/2005). Lael Brainard and Robert E. Litan, "'Offshoring' Service Jobs: Bane or Boon—and What to Do?," The Brookings Institute Policy Brief #132, April 2004, <http://www.brook.edu/comm/policybriefs/pd132.pdf> (12/01/2005). Global INsight (USA), Inc., "Executive Summary: The Comprehensive Impact of Offshore Software and IT Services Outsourcing on the U.S. Economy and the IT Industry," (Arlington, VA: Information Technology Association of America, October 2005), <http://www.globalinsight.com/publicDownload/genericContent/103105execsum.pdf> (11/09/2005). U.S. Government Accountability Office (GAO), "Offshoring of Services: An Overview of the Issues," November 2005, <http://gao.gov/cpi-bin/getrpt?GAO-06-05> (12/01/2005).

¹⁵ Cited in Brainard and Litan, April 2004.

¹⁶ Ibid., p. 6.

¹⁷ Ashok D. Bardhan and Cynthia Kroll, "The New Wave of Outsourcing," (Berkeley, CA: Fisher Center for Real Estate and Urban Economics, University of California, Berkeley, Paper #1103, 2003), <http://repositories.cdlib.org/iber/fcreue/reports/1103> (12/05/2005).

¹⁸ Bardhan and Kroll, p. 5.

growth in highly-trained graduates; Russia is experiencing institutional underdevelopment, erratic reforms, and a gradual deterioration of its higher education system; and China still faces language, institutional, and cultural barriers.

Potential quality control problems and concerns over intellectual property theft also may limit outsourcing overseas. The total growth of high-tech jobs may outpace the increasing supply of knowledgeable workers in the emerging economy. As noted by Robert Reich, "Even as the supply of workers around the world capable of high-tech innovation increases, the demand for innovative people is increasing at an even faster pace."¹⁹

The most positive jobs scenario is one in which the U.S. keeps the "cream" of new development at home, while the more routine activities are outsourced.²⁰ Under this scenario innovation would lead to a continuing stream of new service and manufacturing activities, and, hence new jobs and occupations, while competition and the need for lower-cost supply would force more mature services operations overseas. Depending on their education and skills, individual workers might still find it difficult to find replacement employment at similar wages, but, overall, the jobs lost to outsourcing would be replaced by higher-wage jobs in new subsectors brought about by innovation."²¹ Reich has similarly argued that there will be plenty of good jobs in the future, but too few Americans are being prepared for them.

Increasing Gap Between the Haves and the Have-Nots

Starting in the mid-1970s, income inequality in America has worsened, and studies suggest that pervasive technological change is the culprit. Globalization also has been linked to the decline in earnings particularly among the less-skilled workers over the last few decades. The demand for highly-skilled workers in all sectors of the economy has increased rapidly. Supply has not kept up with demand and the earnings gap between more-educated and less-educated workers has widened.²²

Data from the Bureau of Labor Statistics show a positive relationship between training levels and 2005 annual average wage estimates of workers in Washington (Figure 2).²³ That is, jobs that require one to twelve months of postsecondary preparation paid 50 percent more than jobs that required little or no postsecondary training. Jobs that required more than one year but less than four years of postsecondary training paid 25 percent more than jobs that required one to twelve months of postsecondary preparation.

¹⁹ Robert Reich, "High-Tech Jobs Are Going Abroad! But That's Okay," Washington Post Company, 2003.

²⁰ Bardhan and Kroll, 2003, p. 12.

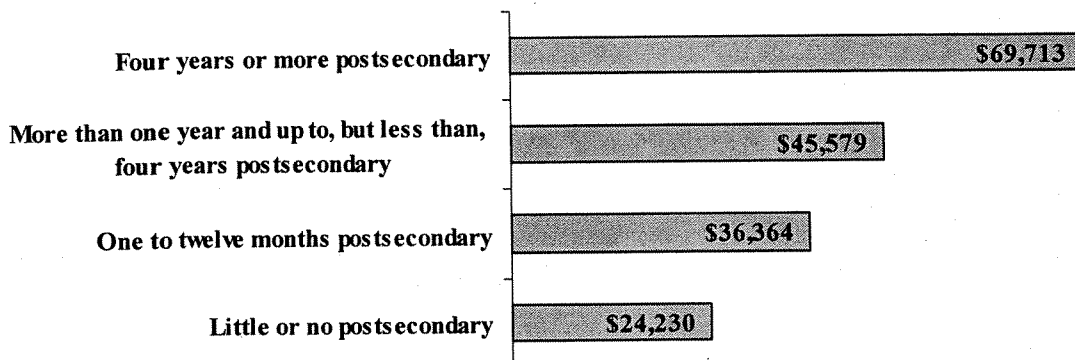
²¹ Ibid.

²² Karoly & Panis, 2004, p. xxiii.

²³ ESD, Washington State Occupational Outlook 2002-2012,

https://www.workforceexplorer.com/admin/uploadedPublications/5421_WashWEX.pdf (11/28/2005).

Figure 2. Washington State 2005 Average Annual Wage Estimates by Training Level



Source: ESD, *Washington State Occupation Outlook 2002-0212*.

The good news is that between 1990 and 2002, hourly wages in Washington State increased in real terms.²⁴ There is also evidence that the gap between the top and bottom wage earners may have stopped growing, and perhaps even started to recede. In 1990, the ratio of the average wage of the top 10 percent of jobs to the bottom 10 percent of jobs was 7.6. The ratio peaked at 12.4 in 2000, before decreasing to 10.2 in 2002.²⁵

Washington's Industry Outlook

For years, Washington's resource-based economy was able to provide high-paying jobs with benefits to workers with only a high school education. Our forests and factories provided a living wage to loggers and production workers. Now these traditional sources of high-wage work are either shrinking or have limited prospects for growth.²⁶ With the improving employment outlook, other sectors that had been experiencing job losses during the recent economic downturn have begun to turn around; others, however, continue to decline, at least in their share of employment if not in actual employment.

Projections to 2030 show changes by industry in the distribution of Washington State's non-farm employment (see Figure 3).²⁷ The information and services industries are the fastest growing driven by increases in software publishing and professional and business services (e.g., accounting, engineering, computer systems and programming). Their share of employment is expected to increase to about 46 percent by 2030. Manufacturing employment, while continuing to grow, is expected to grow more slowly than total employment. Aerospace and wood products manufacturing were once about 13 percent of total employment; now they account for less than 5 percent. The combined mining and manufacturing industries' share of employment is expected to decrease to about 8 percent of non-farm employment by 2030. Government jobs will continue to

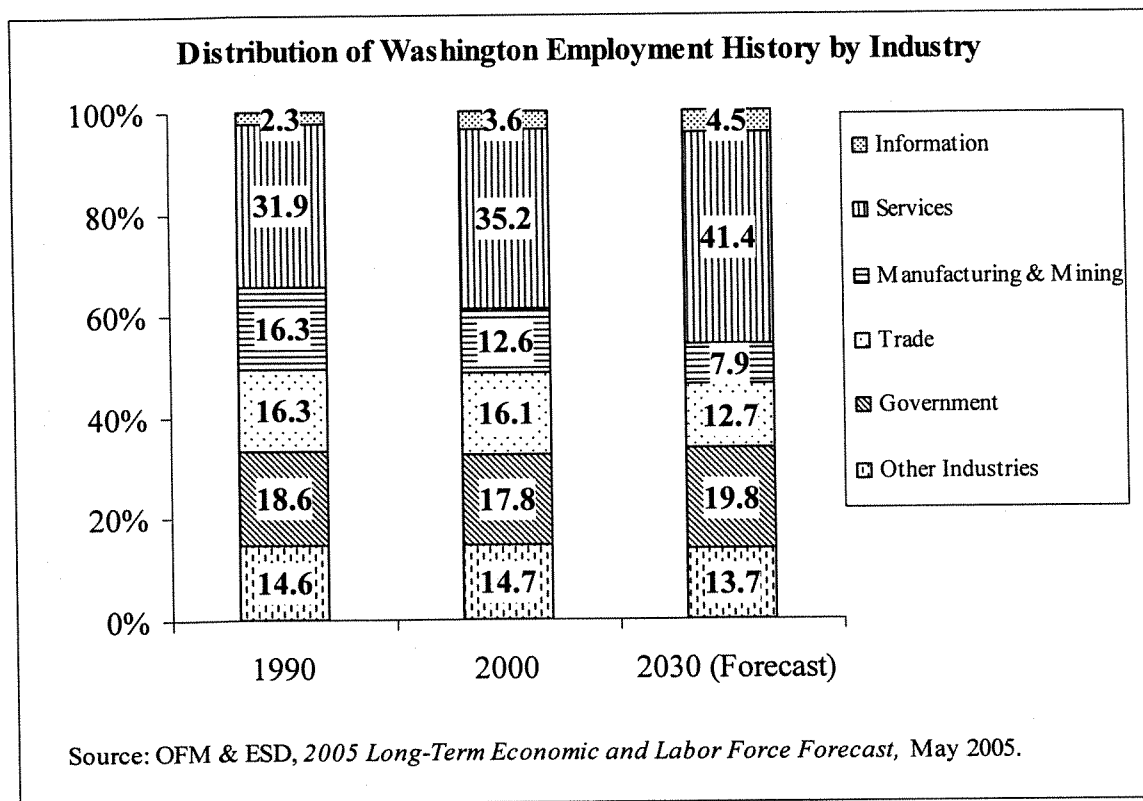
²⁴ Scott Bailey, *Washington Wage Report 1990-2002*, ESD, February 2004.

²⁵ Bailey, 2004, p. 3.

²⁶ Dave Wallace, "Getting Paid to Make Paper," *Washington Labor Market Quarterly Review*, Volume 29, Number 3, July-September 2005.

²⁷ Washington State Office of Financial Management (OFM) and ESD, *2005 Long-Term Economic and Labor Force Forecast for Washington*, May 2005.

be about 20 percent of employment. The composition of government employment, however, has shifted from federal jobs to state and local jobs; this trend is projected to continue.



What Jobs Will be Available?

Many of the new family-wage job opportunities will be in occupations that require postsecondary education but not necessarily a four-year degree. Figure 4 includes the top 15 occupations requiring more than one year and up to, but less than four years of postsecondary training that are expected to be in demand between 2002 and 2012.²⁸

²⁸ ESD determined the top 15 occupations using a ranking based on the average of three criteria: average annual growth rate, number of job openings due to growth, and total number of job openings due to growth and replacement.

Figure 4. Number of Annual Openings in Occupations Requiring More Than One Year and up to, but Less Than, Four Years of Postsecondary Education (2002-2012)

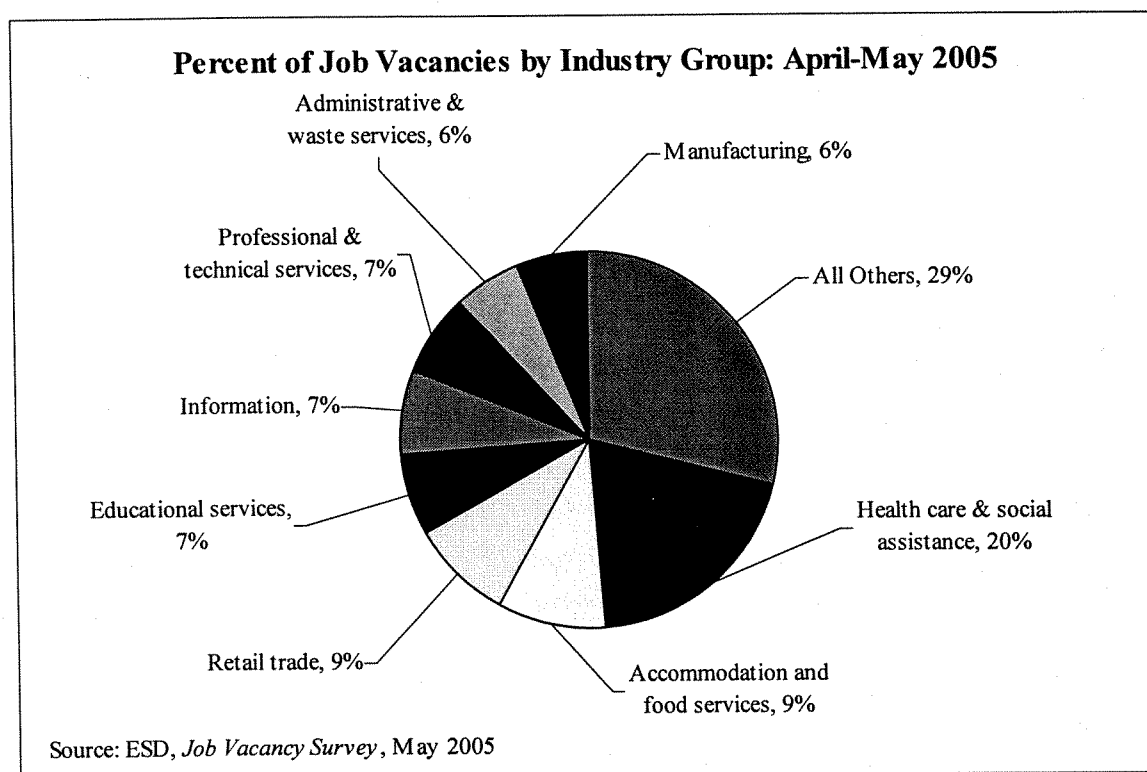
Occupation	Estimated Employment 2002	Average Annual Openings 2002-2012	Estimated Average Wage March 2005
Registered Nurses	45,693	1,944	\$59,977
Carpenters	36,104	1,381	\$45,119
Supervisors/Managers of Construction Trades and Extraction Workers	17,585	658	\$64,314
Hairdressers, Hairstylists, and Cosmetologists	12,991	595	\$27,606
Computer Support Specialists	15,881	555	\$49,247
Licensed Practical and Licenses Vocational Nurses	10,522	441	\$38,443
Medical Secretaries	11,619	498	\$30,152
Supervisors/Managers of Personal Service Workers	6,787	328	\$40,624
Gaming Dealers	5,405	298	\$18,627
Massage Therapists	6,040	285	\$50,002
Fitness Trainers and Aerobics Instructors	5,183	251	\$33,967
Legal Secretaries	5,189	220	\$40,092
Travel Agents	3,248	185	\$31,448
Barbers	2,907	167	\$28,728
Dental Hygienists	4,320	142	\$77,884

Source: ESD, *Occupational Outlook 2002-2012*.

Washington employers in a recent survey regarding their job vacancies in late spring 2005, reported an estimated 70,653 job openings.²⁹ Health care and the social assistance industry employers reported more than twice as many openings (14,195) as any other industry group (see Figure 5). This industry's openings had the highest percentage requiring certification or licensing (73 percent), offered the second highest median wage (\$15.25), and had the third highest percentage of permanent openings (98 percent).

The construction industry led in the percentage of *new* openings (28 percent of its 2,610 vacancies). The construction industry, along with professional, scientific, and technical services, offered median wages just below that of health care and social assistance; \$14.00 and \$14.25, respectively. The utilities industry offered the highest median hourly wage (\$18.62) but had the fewest number of vacancies (117). Accommodation and food services had the second highest number of vacancies (6,615) but, along with agriculture, forestry, fishing, and hunting, offered the lowest median wage (\$7.35).

²⁹ ESD, *Washington State Job Vacancy Survey*, July 2005.



With regard to jobs, health care practitioners and technical occupations accounted for the largest share of vacancies (13 percent), followed by office and administrative occupations (12 percent), and food preparation and serving-related occupations (9 percent). While the median hourly wage offered for health care practitioners and technical occupations (\$21.59) was much higher than the state median of \$10.00, food preparation and service related occupations had the lowest median wage (\$7.35, the state minimum), and office and administrative occupations were offered the state median. Ninety percent of health care practitioners and technical occupation vacancies required a certificate or license, more than any other occupational group. Management and architecture and engineering openings, which offered the highest (\$31.25) and second highest (\$23.79) median hourly wage, respectively, were more likely to require education beyond high school than other occupations.³⁰

Employers Report a Shortage of Skilled Workers (To be updated based on the Workforce Training and Education Coordinating Board's (Workforce Board) 2005 Employer Survey)

The transition to a more knowledge-based economy has called for some changes in the types of skills employers are requiring now, or will be requiring in the near future.³¹ Advanced technologies clearly call for workers with the knowledge and skills to use them effectively, efficiently, and creatively. Rapid technological changes and increased global competition have led to a growing importance of strong non-routine cognitive skills, such as abstract reasoning, problem-solving, communication, and collaboration. Employers continue to report a shortage of workers with either basic workplace or job-specific skills, or both.

³⁰ ESD, *Job Vacancy Survey*, July 2005, p. 6.

³¹ Karoly & Panis, 2004.

Roughly 3,000 firms responded to the Workforce Board's *Washington State Employers' Workforce Needs and Practices Survey*, conducted during the summer and fall of 2003.³² Fewer firms reported hiring new employees as compared to previous surveys, 55 percent in 2003 compared to 65 percent in 2001. The problem of skill shortages, however, persisted. Among firms attempting to hire, 45 percent reported difficulty finding qualified job applicants, compared with 60 percent in 2001. The difficulty in finding qualified job applicants was most severe in the construction (65 percent) and high-tech (54 percent) industries. Extrapolating from the survey results, an estimated 55,980 Washington firms—about one in every four—had difficulty finding qualified job applicants during the reporting period.

Employers had the most difficulty finding applicants with job-specific skills (91 percent). For example, they wanted to hire a registered nurse but had trouble finding one; however, large percentages also reported difficulty finding applicants with problem-solving or critical thinking skills (87 percent), positive work habits and attitudes (83 percent), communication skills (83 percent), and ability to adapt to changes in duties and responsibilities (79 percent).

Employers attempting to hire were asked about the level of difficulty they encountered in finding qualified applicants with specific education levels. They reported the greatest shortage of applicants for jobs requiring postsecondary education, especially for vocationally trained workers from our community colleges, apprenticeship programs, and private career schools. Among employers attempting to hire workers with postsecondary vocational training, 67 percent reported difficulty finding qualified applicants. In contrast, among employers attempting to hire workers with only a high school diploma, 24 percent reported difficulty (see Figure 6).

**Figure 6. Employer Difficulty Finding Applicants by Educational Level
(Percentage and Estimated Number of Firms With Difficulty)**

Educational Level	Among Employers Attempting to Hire at That Level	Estimated Number of Firms
Neither a high school diploma or GED	19%	4,200
High school diploma or GED	24%	9,300
Some college course work	35%	11,300
Vocational certificate	53%	17,000
Vocational associate degree	67%	16,600
Academic associate degree	60%	10,800
Baccalaureate degree	68%	12,700
Master's, doctoral, or professional degree	68%	7,300

Source: Workforce Board, 2004.

The problem will likely grow worse. Skills required in the workplace continue to increase, and, as a result, about one third of all firms reported that their need for workers with postsecondary training would increase over the next five years (see Figure 7).

³² Workforce Board, *Washington State Employers' Workforce Training Needs and Practices*, 2004. The final version of this paper will have findings from the 2005 Employers' Survey.

Figure 7. Educational Level (Among all Employers the Percentage Expecting a Change in Demand)

Educational Level	Increase	Decrease
Neither a high school diploma or GED	12	18
High school diploma or GED	17	6
Some college course work	27	3
Vocational certificate	35	2
Vocational associate degree	30	2
Academic associate degree	30	2
Baccalaureate degree	34	2
Master's, doctoral, or professional degree	24	8

Source: Workforce Board, 2004.

The findings from Washington's employers are reflected in a spring 2005 national survey of the skills gap in manufacturing industries conducted by Deloitte Consulting and the National Association of Manufacturers' Manufacturing Institute/Center for Workforce Success. More than 80 percent of respondents to the survey indicated that they are experiencing a shortage of qualified workers—with 13 percent reporting severe shortages and 68 percent indicating moderate shortages.³³ Ninety percent of respondents indicated a moderate to severe shortage of qualified skills production employees, including front-line workers, such as machinists, operators, craft workers, distributors, and technicians. Further, 65 percent of respondents reported shortages of engineers and scientists—18 percent severe and 47 percent moderate shortages.

Manufacturers also reported deficiencies in employability skills. Nearly half the respondents indicated that their current employees have inadequate basic employability skills, such as attendance, timeliness, and work ethic; 46 percent reported inadequate problem-solving skills; and 36 percent reported insufficient reading, writing, and communication skills.

Industry Clusters—Health Care, IT, and Construction

Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions (such as universities).³⁴ Clustering is a dynamic process; that is, as one competitive firm grows, it generates demand for other related industries. As the cluster develops, it becomes a mutually reinforcing system.

³³ The National Association of Manufacturers' Manufacturing Institute/Center for Workforce Success and Deloitte Consulting LLP, *2005 Skills Gap Report – A Survey of the American Manufacturing Workforce*, 2005.

³⁴ Definition is from the website for the Institute for Strategy and Competitiveness, Harvard Business School, <http://www.isc.hbs.edu/econ-clusters.htm> (11/29/2005).

The figure below shows the major economic clusters in six regions of Washington.³⁵ The clusters were identified based on the size and projected growth of employment in the cluster, its location coefficient (a measure of relative density of the industry compared to the nation),³⁶ and the percent of jobs in the cluster that meet a living wage standard. The importance of particular clusters varies by region (see Figure 8), but three clusters highly ranked throughout the state are health care, construction, and software/IT.³⁷

Figure 8. Important Industry Clusters by Region

Spokane	Eastern Balance¹	Pierce	King/Snohomish	Southwest²	Northwest³
1. Health Care	1. Health Care	1. Health Care	1. Software	1. Construction	1. Construction
2. Construction	2. Education/ Social Services	2. Construction	2. Aircraft	2. Health Care	2. Health Care
3. Wholesale Trade	3. Transportation	3. Aircraft	3. Construction	3. Education/ Social Services	3. Transportation
4. Metal Fabrication	4. Wholesale Trade	4. Ship/Boat Building/ Repair	4. Business Services	4. Transportation	4. Education/ Social Services
5. Transportation	5. Agriculture/ Food Processing	5. Wholesale Trade	5. Health Care	5. Communications	5. Ship/Boat Building/ Repair
6. Electronics/ Instruments	6. Wood Products	6. Education	6. Ship/Boat Building/ Repair	6. Wood Products	6. Wood Products

¹ Eastern Balance includes all counties in Eastern Washington other than Spokane.

² Southwest includes Grays Harbor, Lewis, Mason, Pacific, Thurston, Clark, Cowlitz, Skamania, and Wahkiakum Counties.

³ Northwest includes Clallam, Jefferson, Kitsap, Island, San Juan, Skagit, and Whatcom Counties.

Source: Sommers and Heg, 2002

Health Care

Washington State's health care industry plays a significant dual role in our economy. The health care system keeps our workforce healthy and productive. It is also one of the largest employers in the state. Among occupations that require mostly postsecondary education, the largest numbers of job vacancies reported by employers in April-May 2005 were in health care practitioner and technical occupations (see Figure 9).

Figure 9. Total Job Vacancies Among Occupation Groups Requiring Mostly Postsecondary Education

Occupation	Vacancies April-May 2005
Health Care Practitioners and Technical	8,918
Computers and Mathematical	5,491
Business and Financial Operations	3,579
Education, Training and Library	2,358
Management	2,308
Architecture and Engineering	2,174
Life, Physical, and Social Science	1,472

Source: ESD, *Job Vacancy Survey*, July 2005

³⁵ Paul Sommers and Deena Heg, *Occupational Demand and Supply by Industry Cluster and Region*, October 2002.

³⁶ A coefficient greater than one indicates employment in a region is more heavily concentrated in a cluster than is the case nationally.

³⁷ Sommers and Heg (2002) rated clusters by averaging their rankings across four criteria—employment size, employment growth, the location coefficient, and the percentage of workers receiving a living wage. We modified these ranking when constructing Figure 8. We excluded clusters from the highly ranked group if their location coefficient was low (less than 0.9) or if the percentage receiving a living wage was low (below 33 percent).

Washington's ESD forecasts a substantial number of annual openings in the health care professions ranging from dentists to nursing aides, orderlies, and attendants. Figure 10 lists by preparation level, the health care occupations with projected high demand in the near future.

Figure 10. Projected Annual Openings in Selected Health Care Occupations by Training Level: 2002-2012

Training Level Occupational Title	Average Annual Openings
Little or no postsecondary	
Nursing Aides, Orderlies, and Attendants	725
Home Health Aides	310
One to twelve months postsecondary	
Dental Assistants	523
Medical Assistants	406
More than one year and up to, but less than four years postsecondary	
Registered Nurses	1,944
Massage Therapists	285
Licensed Practical and Licensed Vocational Nurses	441
Dental Hygienists	142
Four years or more postsecondary	
Dentists	133
Health Professional and Technicians, Others	203

Source: ESD, *Occupational Outlook 2002-2012*.

Despite Washington's educational institutions preparing more health care workers than previously, gaps between supply and demand remain.³⁸ The Workforce Board's analysis of the gap shows that we will need to increase the number of newly prepared registered nurses by 520 per year (beyond 2004 levels) for the next 10 years to meet current and projected demand. Figure 11 shows the annual number of newly prepared workers to close the supply-demand gap in the next ten years for ten health care occupations.

³⁸ Workforce Board, *Progress 2005: Report of the Health Care Personnel Shortage Task Force*, January 2006.

Figure 11. The Gaps Between Supply and Demand by Health Care Occupation

Occupation	Annual Need of Additional Newly Prepared Workers To Close the Gap in 10 Years*
Registered Nurses	520
Dentists	80
Physical Therapists	70
Dietitians and Nutritionists	40
Occupational Therapists	40
Respiratory Therapists	20

*Estimates are rounded to the nearest ten.

Source: Workforce Board, *Progress 2005: Report of the Health Care Personnel Shortage Task Force*, January 2006.

The shortage of health care practitioners in Washington is compounded by demographic trends. First, hospital caregivers are aging faster than the state workforce. The average age of a hospital health care worker is 45, about 5 years older than the average for all workers. More than 41 percent of the state's health services workers are over 45 years old.³⁹ Second, the state population is also aging rapidly. Since the elderly typically require more health care resources, service levels cannot be maintained given current staffing levels.

IT

IT workers design, program, and maintain computers and computerized systems. They work both within the IT industry and in non-IT industries, such as hospitals, government, and financial services. Since computers are pervasive in our lives, so is the need for IT workers.

The IT industry was not immune to the effects of the last recession, but long-term prospects are strong. IT-related occupations are among the fastest growing occupations. Furthermore, many of these occupations are among the higher paid. Figure 12 includes the IT-related occupations that are among the 15 with the highest projected demand regardless of level of preparation.

Figure 12. Employment and Projected Annual Openings in Selected IT Occupations: 2002-2012

Occupational Title	Estimated Employment 2002	Average Annual Total Openings	Estimated Average Wage March 2005
Software Engineers, Applications	18,701	705	\$83,708
Computer Programmers	12,677	687	\$79,485
Software Engineers, Systems Software	14,213	544	\$88,138
Computer Support Specialists	15,881	555	\$49,247

Source: ESD, *Occupational Outlook 2002-2012*.

³⁹ Workforce Board calculation based on Washington State Population Survey, 2000, OFM.

Construction

Construction activity rises and falls with the business cycle, and the industry was hurt by the last recession. A four-year boom in Washington's construction industry ended in 2001, and employment in the sector declined during both 2001 and 2002. Employment began to rise again in 2003, and between October 2004 and October 2005, the construction industry saw a gain of 15,400 jobs, the highest number among all industries. What is particularly notable with the increases in construction employment is that in October 2004 construction jobs were about 6 percent of total non-farm employment but 20 percent of the over-the-year employment growth. Moreover, in the long term, the need to replace an aging construction workforce will add to the number of annual job openings in the sector.

Long-term occupation projections, conducted by ESD, suggest there will be about 7,535 annual job openings in Washington's construction industry over the next few years to 2012.⁴⁰ Figure 13 presents the projected openings for the construction occupations that are in particularly high demand by training level. According to the Workforce Board's recent survey, employers are having difficulty filling current openings. Among firms attempting to hire construction workers, 65 percent reported having difficulty finding qualified job applicants—the highest reported percentage of any sector.⁴¹

Figure 13. Projected Annual Openings in Selected Construction Occupations by Training Level: 2002-2012

Training Level Occupational Title	Average Annual Openings
One to twelve months postsecondary	
Construction Laborers	814
Painters, Construction, and Maintenance	502
Operating Engineers and Other Construction Equipment Operators	347
Roofers	297
Drywall and Ceiling Tile Installers	210
More than one year and up to, but less than four years postsecondary	
Carpenters	1,381
First-Line Supervisors/Managers of Construction Trades and Extraction Workers	658

Source: ESD, *Occupational Outlook 2002-2012*.

⁴⁰ This projected number of annual openings does not include management occupations such as construction managers.

⁴¹ Workforce Board, *Washington State Employers' Workforce Needs and Practices Survey 2004*.

Summary and Implications

Washington's economy was especially hard hit by the last recession. Since early 2003, however, our job growth has been better than the nation. Employment gains were strong throughout 2005 and recent gains were widespread across all industries. Construction and professional and business services have experienced especially notable gains.

Long-term economic trends—pervasive technological change and increasing globalization—will continue to skew labor demand toward the more highly skilled. Keeping up with this demand will pose stiff challenges for both social cohesion and economic competitiveness. The jobs being created demand higher skills. A world-class workforce is vital for global competitiveness, and the bar for competitiveness is rising.

Employers report a shortage of job applicants with the skills required for the contemporary workplace. The state's workforce training and education system must prepare more workers with the kinds of skills employers are looking for. The training system must also assist in the continual retraining and upgrading of incumbent workers so their skills stay current. Given the dramatic technological and structural changes buffeting our economy, we must do more to enable workers to make smooth employment transitions.

TOMORROW'S ECONOMY

Workforce Training and
Education Coordinating Board
January 26, 2006

Robust recovery

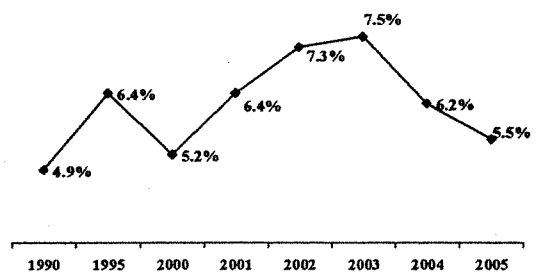
- Job gains
- Decline in unemployment rate
- Increase in labor force

Over-the-Year Employment Gains by Industry

Industry	% of 10/04 Employ	10/04-10/05 Gain	% of Gain
Construction	6%	15,400	20%
Professional & Business Services	11%	13,400	17%
Manufacturing	10%	8,200	11%
Retail Trade	11%	8,200	11%
Leisure & Hospitality	9%	7,800	10%
Education & Health Services	12%	6,200	8%
Government	19%	5,300	7%
Wholesale Trade	4%	4,200	5%
Financial Activities	6%	3,000	4%
Other Services	4%	3,000	4%
Information	3%	2,900	4%

Source: WTB calculations based on Employment Security Department data.

Washington's Unemployment Rate



Source: Employment Security Department. Not seasonally adjusted.

Long Run Economic Trends

- Technological Advances
- Globalization

Technological Advances

- New products and industries
- Changes in how work is organized
- Changes in how workers are utilized
- Increase demand for highly-skilled workers

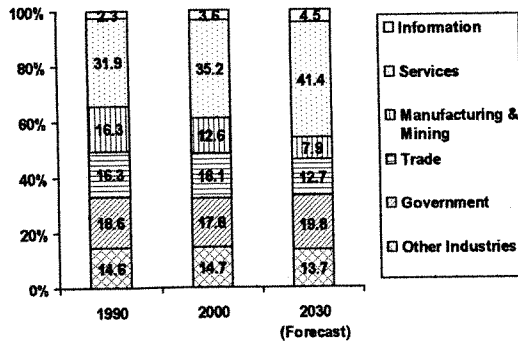
Globalization

- Favorable effects in the aggregate
 - Washington's reliance on foreign trade
- Uneven accrual of positive effects

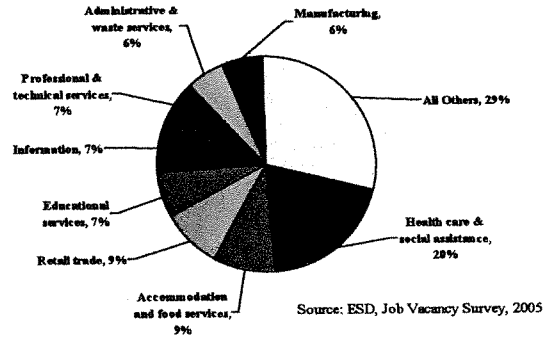
Offshoring

- Extent of offshoring uncertain
 - Estimated 400,000 jobs in 2004
 - 3.3 million by 2015
- Many jobs not at-risk of being offshored
- Most positive scenario
 - Offshore more routine activities
 - Retain “cream” of new, innovative development

Washington's Industry Outlook



Job Vacancies by Industry: Spring 2005



WA's Occupations in Demand: 2002-2012

Occupation	Est. 2002 Employ	Avg Annual Growth Rate	Avg Annual Openings
Landscaping & Groundskeeping Workers	19,271	2.4%	1,018
Computer Software Engineers, Applications	18,701	2.4%	705
Computer Programmers	12,677	2.5%	687
Janitors & Cleaners, except Maids/House Cleaners	43,140	2.0%	1,833
Computer Software Engineers, System Software	14,213	2.4%	544
Security Guards	14,913	2.1%	701
Hairdressers, Hairstylists, & Cosmetologists	12,991	2.2%	595
Construction Laborers	22,286	2.0%	814
Laborers & Freight, Stock & Material Movers, Hand	45,814	109%	2,570
Carpenters	36,104	109%	1,381
Registered Nurses	45,693	1.8%	1,944
Receptionists & Information Clerks	20,331	1.9%	967
Computer Support Specialists	15,881	2.0%	555
Lawyers	15,402	2.0%	552
Dental Assistants	9,772	2.1%	523

Source: ESD, Occupational Outlook 2002-2012.

Middle-Level Preparation Occupations

Occupation	Est. 2002 Employ	Avg Annual Growth Rate	Avg Annual Openings
Hairdressers, Hairstylists, & Cosmetologists	12,991	2.2%	595
Carpenters	36,104	1.9%	1,381
Registered Nurses	45,693	1.8%	1,944
Computer Support Specialists	11,619	2.0%	498
Massage Therapists	6,040	2.3%	285
Supervisors/Managers of Construction/Extraction	17,858	1.7%	658
Fitness Trainers & Aerobics Instructors	5,183	2.1%	251
Travel Agents	3,248	2.7%	185
Supervisors/Managers of Personal Service Workers	6,787	1.9%	328
Legal Secretaries	5,189	2.0%	220
Licensed Practical & Vocational Nurses	10,522	1.7%	441
Gaming Dealers	5,405	1.9%	298
Barbers	2,907	2.4%	167
Dental Hygienists	4,320	2.1%	142

Source: ESD, Occupational Outlook 2002-2012.

Occupations with Highest Vacancies: Spring 2005

Occupation	Job Vacancies	Share of Total
Registered Nurses	4,473	6.3%
Computer Software Engineers, Systems Software	1,714	2.4%
Food Prep & Serving Workers, incl Fast Food	1,663	2.4%
Cashiers	1,566	2.2%
Retail Salespersons	1,421	2.0%
Stock Clerks & Order Fillers	1,403	2.0%
Nursing Aides, Orderlies, & Attendants	1,311	1.9%
Waiters & Waitresses	1,273	1.8%
Laborers, Freight, Stock, Material Movers, Hand	1,253	1.8%
Farmworkers, Laborers, Crop, Nursery, Greenhouse	1,007	1.4%
Computer Software Engineers, Applications	938	1.3%
Computer Programmers	933	1.3%
Truck Drivers, Heavy & Tractor-Trailer	855	1.2%
Security Guards	838	1.2%
Janitors, Cleaners, except Maids/House Cleaners	763	1.1%

Source: ESD, Job Vacancy Survey, 2005.

Industry Clusters

- Geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions
- Highly ranked throughout state
 - Health Care
 - Information Technology
 - Construction

In conclusion...

- What can we do to assure that we have a workforce with skills needed to sustain our growing and changing economy?

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

EMPLOYER SURVEY RESULTS (ADVANCED DRAFT)

The Workforce Training and Education Coordinating Board (Workforce Board) recently completed its biennial survey of Washington State employers regarding workforce training needs and practices. This tab contains tables showing the results. The results are still marked draft since there has been insufficient time to thoroughly vet them prior to including the results in the Board packet.

The Workforce Board administered the survey during the summer and fall of 2005. The Association of Washington Business assisted with a transmittal letter encouraging employers to respond. The response rate was 2,100 employers, a 17 percent response rate. The margin of error is 2.1 percent at the 95 percent confidence level. This means that if the survey were conducted many times, 95 percent of the time the results would fall within the range + or - 2.1 percent of the results reported here.

Most of the questions ask employers about their workforce training needs and practices during the previous 12 months. This was a period during which the state economy came out of a recession and began to expand rapidly. As a consequence, more employers reported hiring new employees and having difficulty finding qualified job applicants compared to the previous survey two years ago. Sixty-one percent of firms reported hiring new employees in the last 12 months (compared to 55 percent two years ago) and of those firms attempting to hire, 51 percent reported difficulty finding qualified job applicants (compared to 45 percent two years ago). Extrapolating from the survey results, an estimated 69,000 Washington firms had difficulty finding qualified job applicants during the previous 12 months.

As has been the case in every biennial survey of employers, the shortage of vocationally trained workers at the sub-baccalaureate level affected more firms than the shortage of workers at baccalaureate or above levels. The skills that employers report the greatest difficulty finding in job applicants remain occupational-specific skills, such as they wanted to hire an emergency room registered nurse and could not find an applicant that was qualified. After occupational-specific skills, the skills most difficult to find were general workplace skills such as the ability to solve problems, positive work habits, communication, and teamwork skills.

The next steps will be to write-up and publish the results, including results by Workforce Development Area and industry.

Board Action Requested: None. For discussion purposes only.

*Q1. Percent of Firms That Hired New Employees in the Last 12 Months
(All Firms).*

WDA	Yes	Number	Total in WDA
BENTON FRANKLIN	54%	3,389	6,291
EASTERN	49%	3,300	6,725
KING	50%	35,815	71,386
NORTH CENTRAL	52%	4,880	9,463
NORTHWEST	68%	10,497	15,508
OLYMPIC	67%	8,393	12,455
PACIFIC MT	60%	9,820	16,380
PIERCE	68%	13,998	20,477
SNOHOMISH	73%	11,857	16,308
SOUTHWEST	71%	9,321	13,101
SPOKANE	74%	11,833	15,968
TRI-COUNTY	76%	7,387	9,764
STATEWIDE	61%	130,490	213,826

Question 3: In the last 12 months, did your firm/organization have any difficulty finding qualified applicants for any of the jobs you were trying to fill?

Q3. Among Firms Looking, Percent With Difficulty	Percent with Difficulty	Employers who had Difficulty	Number of Employers Attempting to Hire	All Employers	
				Percent	N
BENTON FRANKLIN	28%	955	3,395	15%	6,291
EASTERN	59%	2,261	3,843	34%	6,725
KING	49%	17,855	36,239	25%	71,035
NORTH CENTRAL	67%	3,889	5,790	41%	9,463
NORTHWEST	48%	5,524	11,543	36%	15,508
OLYMPIC	63%	5,287	8,400	42%	12,455
PACIFIC MT	40%	4,061	10,214	25%	16,380
PIERCE	50%	7,002	14,075	34%	20,477
SNOHOMISH	49%	5,753	11,857	35%	16,308
SOUTHWEST	62%	5,784	9,356	44%	13,101
SPOKANE	50%	6,067	12,049	38%	15,968
TRI COUNTY	60%	4,587	7,594	47%	9,764
Statewide	51%	69,025	134,355	32%	213,475

Question 4: How did your firm/organization respond to the difficulty finding qualified applicants?

Q4. Responses to the difficulty finding qualified applicants	Among Employers who had Difficulty		All Firms
a) Did not fill the opening	40%	12%	
b) Hired a less qualified applicant	62%	18%	
c) Outsourced the work/service	20%	6%	
d) Increased overtime for employees	49%	14%	
e) Increased recruiting efforts	52%	15%	
f) Increased wages to attract applicants	28%	8%	

Question 6: In general, how much difficulty has your firm/organization experienced in the last 12 months finding qualified applicants with the different education levels listed below?

Q6.	Among Employers who had Difficulty	All Employers
Neither a high school diploma or GED	8%	2%
High school diploma or GED	23%	7%
Some college course work	31%	9%
Vocational certificate	31%	9%
Vocational associate degree	29%	9%
Academic associate degree	17%	5%
Baccalaureate degree	18%	5%
Master degree	11%	3%
Doctoral or professional degree	6%	2%

Question 7. How much difficulty has your firm/organization had finding employees with the following skills?

Q7. Firms reporting difficulty finding workers with the following skills	Among Employers who had Difficulty	All Employers
a) Reading skills	24%	7%
b) Writing skills	41%	12%
c) Math Skills	42%	12%
d) Occupation-specific skills	76%	22%
e) Computer skills	43%	12%
f) Team work skills	63%	18%
g) Problem solving or critical thinking skills	70%	21%
h) Communication skills	65%	19%
i) Positive work habits and attitudes	68%	20%
j) Ability to accept supervision	53%	15%
k) Ability to adapt to changes in duties and responsibilities	56%	16%
l) English as a Second Language skills	17%	5%

Question 8. Which of the following has resulted from your firm's difficulty in finding qualified applicants?

Q8. Responses to the difficulty finding qualified applicants	Among Employers who had Difficulty	All Employers
a) Lowered overall productivity	57%	16%
b) Reduced product or service quality	50%	14%
c) Reduced production output or sales	57%	17%
d) Prevented firm from expanding its facilities	27%	8%
e) Prevented firm from developing new products/services	21%	6%
f) Caused firm to move some operations out of Washington	1%	0.2%

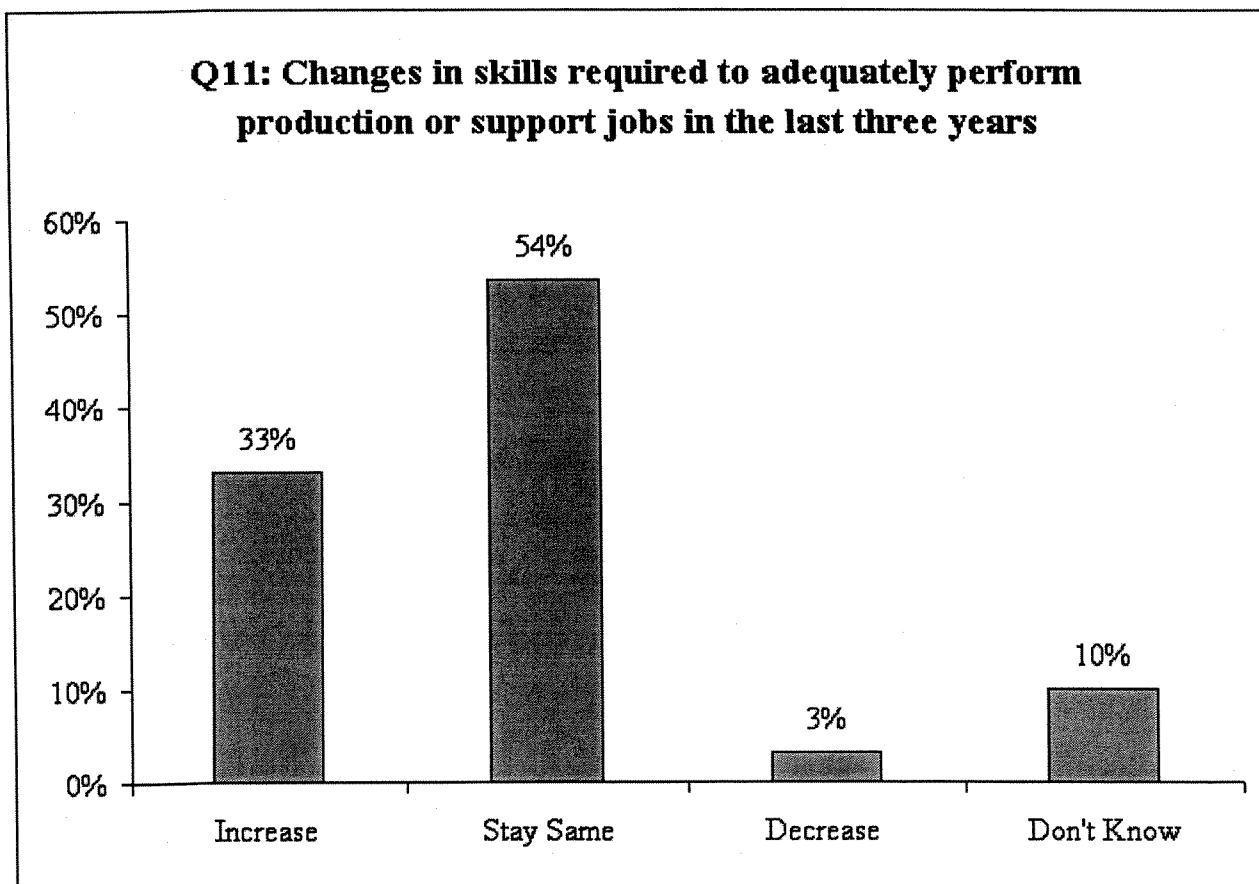
Question 9. How much difficulty has your firm/organization experienced with entry-level workers hired in the last six months demonstrating the following skills?

Q9.	Among Employers who had Difficulty	All Firms
a) Speaks so others can understand	24%	7%
b) Listen actively	44%	13%
c) Read with understanding	33%	10%
d) Observe critically	46%	13%
e) Cooperate with others	40%	12%
f) Resolve conflict and negotiate	44%	13%
g) Use math to solve problems and communicate	35%	10%
h) Solve problems and make decisions	57%	17%
i) Take responsibility for learning	63%	18%
j) Use information and communications technology	36%	11%

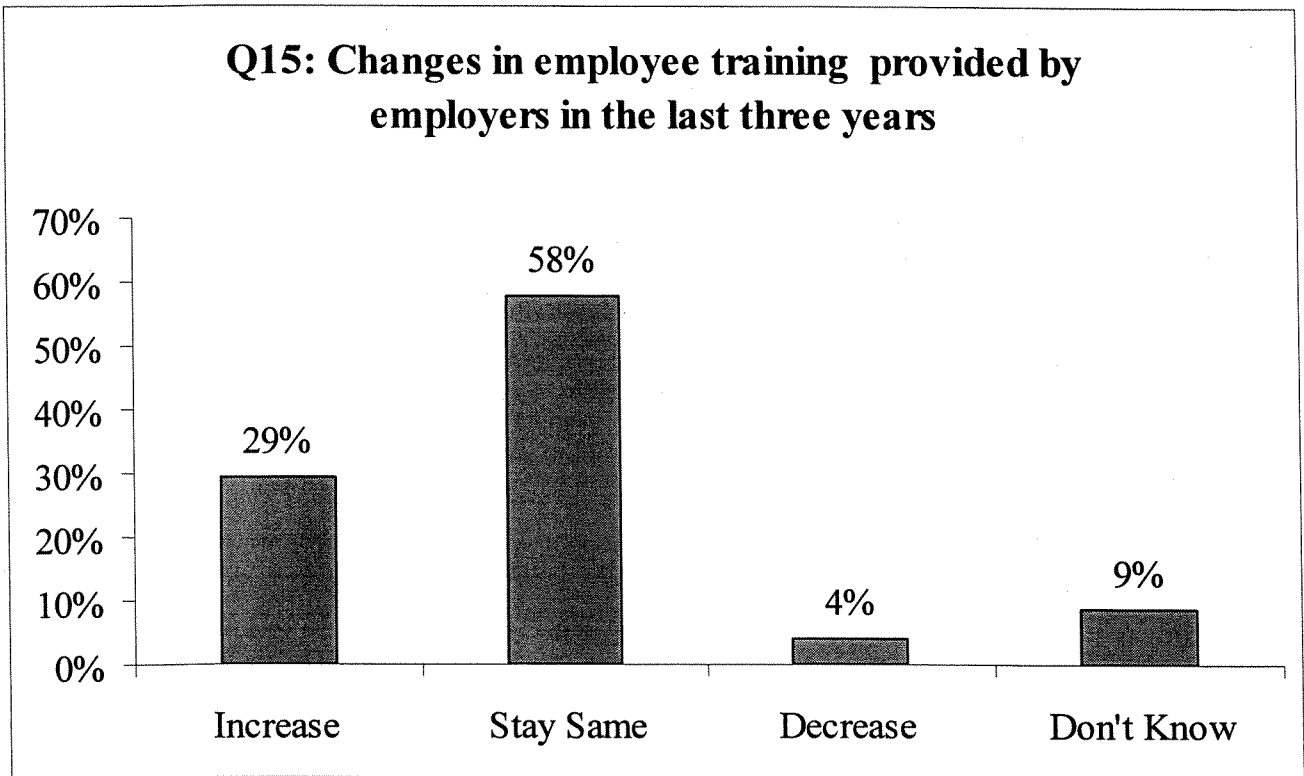
Question 10. How will your firm's need for employees with each type of education change in the next few years? (All Firms)

Q10. Educational Level	Increase	Stay about the same	Decrease	Not Needed
Neither a high school diploma or GED	2%	39%	5%	54%
High school diploma or GED	10%	57%	4%	29%
Some college course work	16%	46%	4%	34%
Vocational certificate	15%	39%	1%	45%
Vocational associate degree	9%	36%	1%	54%
Academic associate degree	11%	33%	1%	55%
Baccalaureate degree	14%	31%	1%	54%
Master's degree	6%	26%	1%	67%
Doctoral or professional degree	1%	22%	1%	76%

Question 11. In the last three years, have the skills required to adequately perform production or support jobs increased, decreased, or remained the same?



Question 15. In the last three years, has the percentage of your employers who received classroom training, workshops, or seminars of some kind increased, decreased, or remained the same?



**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

**PERFORMANCE RESULTS ON THE STATE AND FEDERAL CORE INDICATORS:
WORKFORCE INVESTMENT ACT TITLE I-B AND CARL PERKINS VOCATIONAL
AND TECHNICAL EDUCATION**

This tab shows the fifth annual performance results on the core indicators for the Workforce Investment Act (WIA) Title I-B and the Carl Perkins Vocational and Technical Education Act, including the programs' most recent year's results, and compares the results against the performance targets adopted by the Workforce Training and Education Coordinating Board. The following table summarizes how the programs performed compared to the performance targets. A number above 100 percent indicates that the targets were exceeded.

**Table 1
Performance Results as a Percent of Targets**

Program	Results Compared to Performance Targets		
	Federal Core Indicators	State Core Indicators	State and Federal Core Indicators
Workforce Investment Act Title I-B			
Adults	103.4%	99.1%	101.3%
Dislocated Workers	103.5	99.2	101.4
Youth	117.9	107.4	111.3
Customer Satisfaction	100.9	117.0	106.2
Overall	109.1%	103.1%	106.5%
Carl Perkins Vocational Education Act			
Secondary Voc Ed	99.9%	100.1%	99.9%
Postsecondary Voc Ed	105.7	99.2	103.7
Overall	102.8%	99.7%	101.8%

It appears that Washington State meets two of the three requirements of eligibility for federal Section 503 incentive funds for PY 2004—exceeding performance targets for WIA Title I-B and the Carl Perkins Vocational Education Act. Washington State must also exceed an average of 100 percent of the targets for the Adult Education and Family Leave Act in order to be eligible for an incentive award. Results for Adult Basic Education are not yet known, but are expected by March 2006.

Board Action Requested: None. For discussion purposes only.

Performance Results for WIA I-B and the Carl Perkins Vocational and Technical Education Act

Workforce Investment Act (WIA) Title I-B PY04 Program Results

Table 2 summarizes the performance results for WIA Title I-B for Program Year 2004. The date of program participation varies depending on the indicator. For most indicators, the results are based on participants who exited between April 1, 2003, and March 31, 2004.

**Table 2
WIA Title I-B Performance Results**

Federal Indicators	PY 2003 Performance	PY 2004 Target	PY 2004 Performance	Percent of Target
Adult Entered Employment	78.8%	75.6%	80.8%	106.9%
Adult Employment Retention	85.5%	83.3%	86.8%	104.2%
Adult Earnings Gain	\$3,979	\$3,794	\$3,785	99.8%
Adult Employment and Credential	67.2%	69.3%	71.3%	102.8%
Average Adult Performance				103.4%
Dislocated Worker Entered Employment	82.3%	79.0%	85.9%	108.7%
Dislocated Worker Employment Retention	91.6%	91.0%	93.2%	102.4%
Dislocated Worker Earnings Replacement	84.3%	77.0%	76.0%	98.7%
Dislocated Worker Employment and Credential	69.3%	72.4%	75.6%	104.4%
Average Dislocated Worker Performance				103.5%
Older Youth Entered Employment	74.3%	70.8%	76.9%	108.7%
Older Youth Employment Retention	80.2%	79.7%	84.3%	105.8%
Older Youth Earnings Gain	\$2,854	\$3,212	\$3,492	108.7%
Older Youth Employment and Credential	56.6%	46.9%	65.8%	140.3%
Younger Youth Skills Gain	87.9%	75.0%	87.5%	116.6%
Younger Youth Diploma or Equivalent	61.8%	53.0%	66.6%	125.7%
Younger Youth Retention	67.8%	59.0%	70.6%	119.7%
Average Youth Performance				117.9%
Employer Satisfaction	68.1	69.0	69.6	100.8%
Participant Satisfaction	74.7	75.0	75.7	100.9%
Average Satisfaction Performance				100.9%
Average Federal Indicator Performance				109.1%

State Performance Indicators	PY 2003 Performance	PY 2004 Target	PY 2004 Performance	Percent of Target
Adult Credential Rate	63.9%	65.6%	63.2%	96.4%
Adult Employment Q3	75.0%	75.4%	76.8%	101.9%
Adult Annualized Earnings	\$18,480	\$18,489	\$18,154	98.2%
Adult Customer Satisfaction	90.4%	90.0%	90.1%	100.1%
Average Adult Performance				99.1%
Dislocated Worker Credential Rate	63.5%	70.7%	72.6%	102.7%
Dislocated Worker Employment Q3	81.4%	80.2%	84.5%	105.4%
Dislocated Worker Annualized Earnings	\$27,189	\$30,992	\$27,553	88.9%
Dislocated Worker Customer Satisfaction	89.1%	89.0%	89.0%	100.0%
Average Dislocated Worker Performance				99.2%
Youth Credential Rate	71.1%	69.0%	72.4%	105.0%
Youth Employment or Further Education Q3	75.8%	71.3%	79.1%	110.9%
Youth Annualized Earnings	\$9,762	\$8,807	\$9,910	112.5%
Youth Customer Satisfaction	94.8%	94.0%	95.3%	101.4%
Average Youth Performance				107.4%
State Employer Satisfaction (2003 Survey)	83.1%	71.0%	83.1%	117.0%
Updated Results From 2005 Survey		84.5%	83.5%	98.8%
Average State Indicator Performance				103.1%
Average State and Federal Indicator Performance				106.5%

Economic and Demographic Changes

PY 2004 participants faced an improved economy over PY 2003. To take this into account, Workforce Training and Education Coordinating Board (Workforce Board) staff constructed mathematical regression models with economic and demographic variables. Regression models were used to measure the impact of changes in economic and demographic factors and to adjust performance targets when appropriate.

Discussion of Results

Washington's WIA I-B program exceeded PY 2004 performance targets for adults, dislocated workers, youth, and customer satisfaction and achieved at least 80 percent of each individual target. Thirty-seven states exceeded PY 2004 performance targets for all populations, up from thirty-three in PY 2003 and twenty-five in PY 2002. Some of this improvement stemmed from the fact that average federal performance in PY 2004 for all jurisdictions increased by 3.3 percent over PY 2003 while average federal targets for all jurisdictions were an average of 1.5 percent lower.

It is not clear whether all thirty-seven states that exceeded WIA performance levels will meet Department of Labor (DOL) standards to qualify for incentive funds. Only 24 of the 33 states that exceeded WIA performance levels for PY 2003 were listed as having WIA performance that qualified for incentives. Nine states were excluded for defects such as having customer satisfaction survey samples smaller than the minimum required size.

DOL considers a performance measure to have failed if a state achieves less than 80 percent of its target. Washington State is one of 13 states that have not missed an individual target during the first five years of WIA operations.

Local Workforce Development Area Results

Out of 12 workforce development areas, 11 exceeded an average of 100 percent of their targets on the federal and state core indicators. Table 3 shows the local workforce development area results. Local targets are adjusted for changes in local economic conditions and participant demographics using the same regression models used to adjust to statewide targets.

Table 3
WIA Title I-B PY 2004 Local Area Performance Results

Workforce Area	Average Adult	Average Dislocated	Average Youth	Federal Survey	Overall Average
01 Olympic	96.7%	100.7%	112.6%	102.0%	105.2%
02 Pacific Mt	102.4%	101.6%	124.3%	97.4%	112.9%
03 Northwest	119.9%	103.3%	129.7%	106.0%	119.3%
04 Snohomish	133.5%	108.3%	116.7%	97.6%	119.0%
05 King	96.7%	100.3%	103.3%	98.5%	102.0%
06 Pierce	117.4%	103.1%	112.3%	101.7%	111.9%
07 Southwest	95.0%	101.1%	121.7%	100.1%	107.2%
08 North Central	106.8%	104.3%	105.4%	104.8%	106.0%
09 Tri County	103.0%	102.8%	114.2%	100.8%	109.1%
10 Eastern	106.6%	102.3%	110.3%	109.5%	107.7%
11 Benton Franklin	94.6%	98.0%	104.1%	99.2%	99.4%
12 Spokane	100.6%	104.4%	102.4%	96.8%	102.5%
State Total	101.3%	101.4%	111.3%	100.9%	106.5%

State Incentive Allocations

The Governor, based on the recommendation of the Workforce Board, set aside a total of \$300,000 from WIA 10 percent funding for use as state incentive fund awards. The amount allocated to each Workforce Development Council (WDC) is based on WDC size (as measured by funding allocation) and relative performance among WDCs eligible to share in the awards. The WDCs may use the dollars for any function permissible under WIA Title I-B.

Based upon the Workforce Board's incentive policy for WIA Title I-B (adopted in December 2002), local areas that exceeded an average of 100 percent of their performance targets for one or more of the funding streams, or for participant satisfaction, are eligible to receive a share of this incentive money. Shaded areas of Table 3 show the WDCs eligible to share in the incentive money for each population.

Carl Perkins Vocational and Technical Education PY04 Performance Results

The Workforce Board submitted Washington State's Consolidated Annual Report (CAR) on activities funded by the Carl Perkins Act on December 30, 2005. The CAR report includes accountability targets and results for both the secondary and postsecondary systems. The measures cover all career and technical education, not just the portion funded by Perkins.

Table 4 shows Washington State's performance on the Federal Carl Perkins measures and how the results compare to the performance targets. In order to be judged as exceeding performance targets, the Department of Education (DOE) calculates the difference (positive or negative) between the results and the targets for each measure. DOE sums the differences to judge overall performance. Washington's performance exceeded its targets. Secondary sector performance on federal measures exceeded targets by a fraction of a percent. Postsecondary performance exceeded targets by a wide margin.

Table 4
Perkins Results and Performance Targets on Federal Indicators

	2004	2005	2005		Percent of
Federal Secondary Measures	Results	Target	Result	Difference	Target
1S1 Academic Attainment	91.53%	93.21%	93.13%	-0.08%	99.9%
1S2 Skill Attainment	91.53%	93.21%	93.13%	-0.08%	99.9%
2S1 Completion	91.53%	93.21%	93.13%	-0.08%	99.9%
2S2 Diploma	91.53%	93.21%	93.13%	-0.08%	99.9%
3S1 Total Placement	78.08%	72.08%	74.34%	2.26%	103.1%
4S1 Nontrad Participants	39.30%	37.78%	39.01%	1.23%	103.3%
4S2 Nontrad Completers	28.95%	31.55%	29.31%	-2.24%	92.9%
Sum/Average of Federal Secondary Measures				0.93%	99.9%
Federal Postsecondary Measures					
1P1 Academic Attainment	59.81%	58.50%	62.45%	3.95%	106.8%
1P2 Skill Attainment	59.81%	58.50%	62.45%	3.95%	106.8%
2P1 Completion	59.81%	58.50%	62.45%	3.95%	106.8%
3P1 Total Placement	74.65%	72.94%	75.50%	2.56%	103.5%
3P2 Retention	73.85%	72.23%	75.21%	2.98%	104.1%
4P1 Nontrad Participants	18.29%	19.29%	21.34%	2.05%	110.6%
4P2 Nontrad Completers	17.63%	18.63%	18.85%	0.22%	101.2%
Sum/Average of Federal Postsecondary Measures				19.66%	105.7%
Sum/Average of Federal Measures Combined				20.59%	102.8%

Discussion of Results

Secondary graduation rates have begun to improve after declining for two consecutive years. Graduation rates have rebounded to 93.13 percent in 2005 from 91.53 percent in 2004 and 91.95 percent in 2003. Substantial improvements have been made in data collection at the secondary level. In 2004, we did not receive information on the 2002-2003 school year in time to meet the federal reporting deadline. This year's reporting was accomplished on time due to improved local reporting to the Office of Superintendent of Public Instruction.

Postsecondary academic and skill attainment rates have improved for three consecutive years, from 56.47 in 2003 to 59.81 percent in 2004 to 62.45 percent in 2005. This is the last year that we will express postsecondary academic and skill attainment in percentage form. Next year's targets and results will be expressed in numeric form with a target of 22,300 students receiving formal credentials. Placement, retention, and nontraditional participation and completion rates are also the highest in three years. The State Board for Community and Technical Colleges has required colleges that do not meet their nontraditional enrollment and completion targets to use a portion of their Perkins funds to augment their nontraditional programs.

Performance on State Measures

Washington State has three additional indicators of vocational education performance: annualized earnings of completers who do not go on to further education; employer satisfaction with former students they have hired; and participant satisfaction. The first of these measures is calculated annually. The second two measures are based on biennial surveys.

Performance on these additional indicators has been close to target levels. Table 5 shows the results.

Table 5
Perkins Results and Targets on State Indicators

	Result	Target	Result	Percent of
State Secondary Additional Indicators	2004	2005	2005	Target
5S1 Annualized Earnings	\$10,233	\$10,634	\$10,238	96.3%
5S2 Employer Satisfaction	81.6%	84.5%	87.4%	103.4%
5S3 Participant Satisfaction	95.7%	95.0%	95.7	100.7%
Average Performance State Secondary Measures				100.1%
State Postsecondary Additional Indicators				
5P1 Annualized Earnings	\$22,400	\$21,958	\$22,069	100.5%
5P2 Employer Satisfaction	91.1%	90.0%	91.2%	101.3%
5P3 Participant Satisfaction	87.2%	91.0%	87.2%	95.8%
Average Performance State Postsecondary Indicators				99.2%
Average Performance State Indicators				99.7%

Employer satisfaction is measured every two years in conjunction with our biennial employer needs and practices survey. Employer satisfaction is measured as the percent of employers “somewhat” or “very satisfied” with the skills of recent hires on a set of 11 dimensions that include occupation specific skills, basic educational skills such as reading writing, and math, and SCANS skills such as teamwork skills, positive work habits, and ability to accept supervision and to adapt to changes. Results shown in Table 5 are from the most recent survey, conducted during the fall of 2005.

Results for participant satisfaction are based on participant surveys conducted in 2003. New results for participant satisfaction will be available in March 2006.

Local Workforce Development Area Status

Vocational education results have not yet been analyzed by workforce development area. Workforce Board staff plan to produce reports on enrollments and results by workforce area for distribution to local workforce boards.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

**A SKILLED AND EDUCATED WORKFORCE
AN ASSESSMENT OF THE NUMBER AND TYPE OF HIGHER EDUCATION AND
TRAINING CREDENTIALS REQUIRED TO MEET EMPLOYER DEMAND**

This is the first joint report of the Workforce Training and Education Coordinating Board, the Higher Education Coordinating Board, and the State Board for Community and Technical Colleges. House Bill 3103, enacted in 2004, requires the three agencies to conduct a biennial assessment of “the number and type of higher education and training credentials required to match employer demand for a skilled and educated work force”. This report is the first product of that legislative direction.

The report indicates:

- The state’s current supply of workers who have completed mid-level preparation—more than one year but less than four years of postsecondary training or education—will meet only 83 percent of the expected employer demand during 2007-2012.
- Increasing the supply of workers with mid-level preparation at the rate of population growth will not close the gap and meet employer demand. It will take policy changes to increase sufficiently this sub-baccalaureate capacity.
- A mismatch exists between the supply and demand of workers prepared for occupations requiring preparation at the baccalaureate level and above. Specifically, Washington does not produce enough graduates at those levels to meet employer demand for workers in a number of fields, most notably computer science, engineering, and health care.
- The higher education system will need to expand at the baccalaureate level in a range of academic and professional fields to meet specific occupational needs. Also needed are increased numbers of students who earn professional and doctoral degrees annually.

At the Board meeting, staff from the three agencies will present the full report.

Board Action Required: None. For discussion purposes only.

December 13, 2005

A Skilled and Educated Workforce:

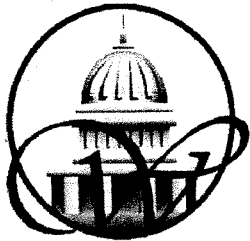
**An assessment of the number and type of higher education and training
credentials required to meet employer demand**

A joint report:

Higher Education Coordinating Board

State Board for Community and Technical Colleges

Workforce Training and Education Coordinating Board



W A S H I N G T O N
**H I G H E R
E D U C A T I O N**
C O O R D I N A T I N G B O A R D



WASHINGTON STATE BOARD FOR
COMMUNITY & TECHNICAL
C O L L E G E S

Executive Summary

When the legislature and governor enacted House Bill 3103 in 2004, they intended, in part, to improve the quality of information available to help policy makers assess the needs of Washington employers compared with the “output” of the state’s higher education system. A key section of HB 3103 directed the Higher Education Coordinating Board (HECB), the State Board for Community and Technical Colleges (SBCTC), and the Workforce Training and Education Coordinating Board (Workforce Board) to produce every other year:

“...an assessment of the number and type of higher education and training credentials required to match employer demand for a skilled and educated work force. The assessment shall include the number of forecasted net job openings at each level of higher education and training and the number of credentials needed to match the forecast of net job openings.”

The following document is the first joint report published by the three agencies in response to the 2004 statute. It analyzes the workforce supplied by higher education in Washington; employer demand for higher education as measured by the number of projected job openings; and the match between supply and demand.

This report represents one facet of a larger statewide higher education needs assessment that was produced by the HECB in October 2005, also in response to HB 3103. In contrast to the larger statewide assessment, which examines employer, community and student demands for education and training at the baccalaureate level and above, the following report compares employer demand to 2012 and the current output of students from one year of college through post-baccalaureate education.

The results of this report indicate:

- The state’s current supply of workers who have completed mid-level preparation—more than one year but less than four years of postsecondary training or education—will meet only 83 percent of the expected employer demand during 2007-2012.
- Increasing the supply of workers with mid-level preparation at the rate of population growth will not close the gap and meet employer demand. It will take policy changes to increase sufficiently this sub-baccalaureate capacity.
- A mismatch exists between the supply and demand of workers prepared for occupations requiring preparation at the baccalaureate level and above. Specifically, Washington does not produce enough graduates at those levels to meet employer demand for workers in a number of fields, most notably computer science, engineering, and health care.
- The higher education system will need to expand at the baccalaureate level in a range of academic and professional fields to meet specific occupational needs. Also needed are increased numbers of students who earn professional and doctoral degrees annually.

This report relies on the best estimates of the preparation needs of workers required to meet the labor needs of Washington employers, yet these estimates do not fully consider other aspects of demand for degrees and programs, including employer preferences (as distinguished from employer needs for students who have learned particular occupational skills), student demand, or community demand. These additional factors are discussed in the **2005 State and Regional Needs Assessment** published by the HECB.

Introduction

Employers consistently demonstrate a preference for better educated workers and, in many cases, the education level of the workforce in a given region and proximity to a higher education institution are critical factors a firm considers when deciding where to start or expand operations. However, despite increases in the number of students receiving postsecondary education, employers continue to report difficulty hiring trained workers at all levels of education. The Workforce Board conducts a survey of employers every two years. With results that are generally consistent with prior years, the 2004 survey finds that “employers believed skill shortages were hurting their business by limiting output or sales, lowering productivity, and reducing product quality.”¹

In an effort to create a better understanding of employers needs for trained workers the legislature, in 2004, directed the HECB to produce, jointly with SBCTC and the Workforce Board, a biennial assessment of the gap between the number of forecast net job openings at each level of higher education and number of prepared workers with the appropriate preparation and credentials needed to meet that demand.

This report provides an analysis of labor market demand for education and training in Washington and the supply of workers prepared in Washington institutions and training programs². The aggregate gap in supply and demand for education and training at the sub baccalaureate level and the gap in supply and demand for specific occupational categories at the baccalaureate level and above are discussed. The report relies on our best estimate of the preparation needs for Washington employers, yet these estimates do not fully consider other aspects of demand for degrees and programs including employer preferences³, student demand, or community demand. These three other factors are discussed in the **2005 State and Regional Needs Assessment** published in October 2005 by the HECB.

Workforce Supply by Educational Level

Workforce supply is a measure of the number of prepared workers available to take positions in the workforce. Because not all graduates enter the labor force immediately, the workforce supply is less than the annual number of certificates and degrees produced in a given field. Graduates who do not enter the workforce and those who enroll in further post-secondary education are

¹ (2004) Washington State Employers' Workforce Training Needs and Practices, Workforce Board.

² Over the past several years Washington has experienced a net inflow of workers. Workers migrating to the state tend to have, on average, higher levels of educational attainment and often are recruited to work in specialized technical areas the analysis does not consider the supply of workers that migrate into Washington from other states and nations.

³ Employer preferences are distinguished from employer needs. The analysis included in this report is an attempt to use Bureau of Labor Statistics and Census data to measure the education and training needs for particular occupations, these measures do not fully consider employer preferences in hiring decisions.

excluded from the estimate of workforce supply⁴. At the sub-baccalaureate level, the analysis focuses on education and training that is more than one year in length, but less than four-years of postsecondary education and training⁵. The supply at this level, termed "Mid-level Preparation," consists of community and technical colleges, apprenticeships, and private career schools. In each case, only students who complete more than one year of education or training prior to leaving their program are included in the count of supply. Students who already had completed education at this level or above are not counted as part of the new supply at this level. The supply of community and technical college students includes both workforce education students and academic transfer students who fail to transfer to a four-year institution.⁶ The Mid-Level Preparation number does not include students who stop-out of a 4-year college or university with one year of study or more, but less than a bachelor's degree. Eighty-four percent of the mid-level completers are estimated to enter the workforce.

2002-2003 Mid-Level Preparation Supply of Newly Prepared Workers

Source	Number of Newly Prepared Workers
Community and Technical College Workforce Education	10,022
Community College Academic	8,735
Private Career Schools	4,690
Apprenticeship	1,759
Total	25,206

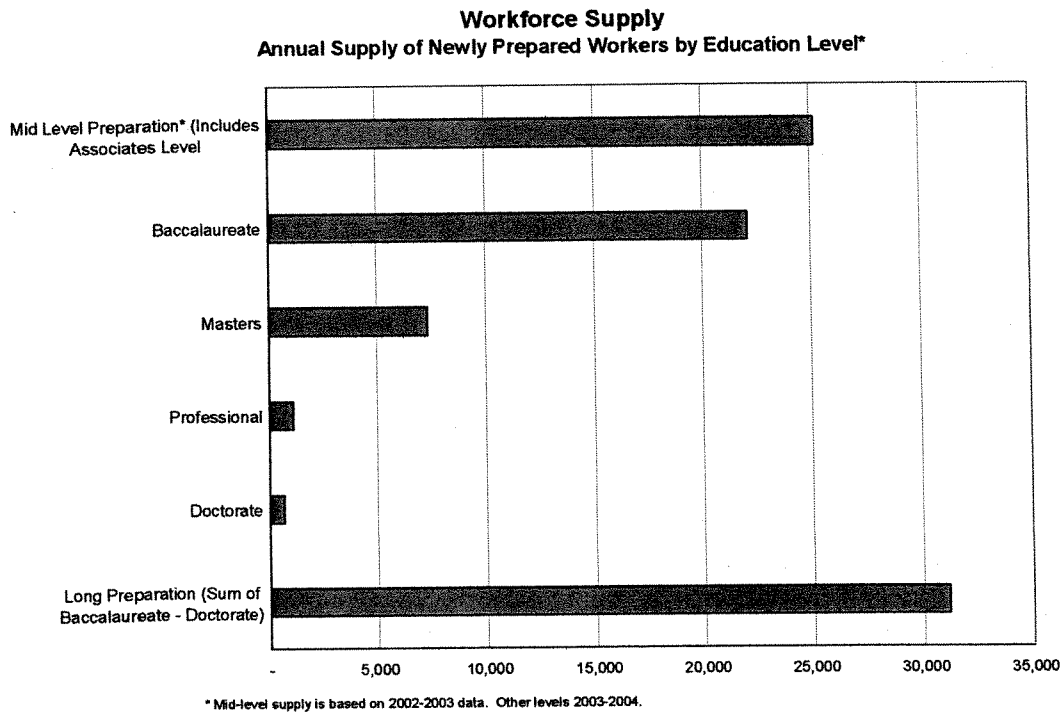
At the bachelor's level 81 percent of baccalaureate graduates are included in the baccalaureate workforce supply estimate. At the graduate and professional levels the number of graduate degree recipients is reduced based on labor force participation rates by degree type. On average, 87 percent of graduate degree recipients are estimated to enter the workforce. At the bachelor's and graduate level, the supply of workers does include graduates of Washington institutions who are not residents of Washington, including international students. International students account for 3.1 percent of bachelor's degrees awarded in Washington and 9.3 percent of graduate degrees (see Figure 1). International students are excluded from the sub-baccalaureate analysis.

⁴ The analysis also takes into account that some individuals hold more than one job. As is the practice of the Bureau of Labor Statistics, the analysis uses a 90 percent rule; it is assumed that for every 90 employees there are 100 different jobs that are held.

⁵ In order to correspond with Bureau of Labor Statistics categories discussed later.

⁶ Annually 15,000 students transfer Washington community or technical colleges to a university program within.

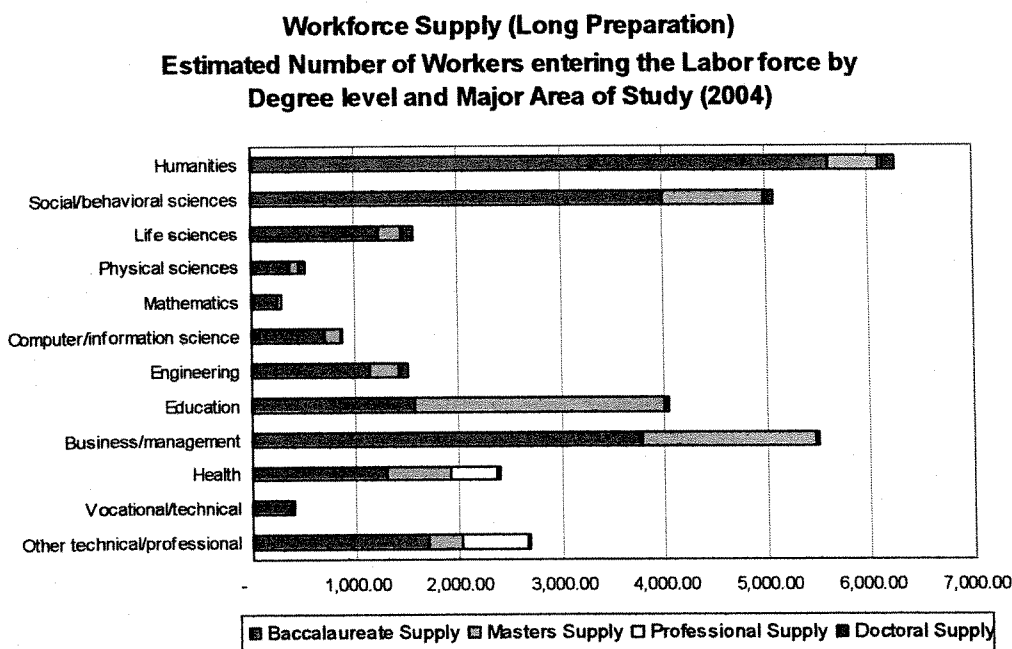
Figure 1



At the bachelor's level and higher, Workforce supply estimates are summarized by major field of study and degree level in Figure 2. The figure shows that professional degrees are concentrated in health fields and law⁷. The majority of master's degrees (56 percent) are produced in education and business.

⁷ Law degrees are reported in the "other technical professional" category, all of the professional degrees in this category are law degrees.

Figure 2



Employer Demand by Education Level

Employer demand is defined as the annual number of net job openings by occupation. Two measures of demand are reported. Entry level demand is based on the standard Bureau of Labor Statistics (BLS) preparation levels assigned to all occupations. Ultimate demand (UD) is based on an analysis of the preparation levels of the existing workforce (based on 2000 census data). Underpinning both measures is the projection of future job openings provided by the Employment Security Department (ESD).⁸ The openings include jobs created by economic growth and jobs open in order to replace workers who switch occupations, retire, or otherwise leave the workforce.

The BLS surveys and interviews employers and analyzes occupational data in order to classify the level of education and training which represents the predominant level of training of new workers entering the occupation.⁹ The UD approach assumes the BLS level is the minimum preparation level for entry to an occupation and census data is used to assess the degree to which workers in a given occupation hold a degree at a level higher than the minimum. To simplify the discussion, this will be referred to as additional training. However, it is important to note that for many occupations there is not a neat progression or sequence to training. In fact, there are several training pathways for entry into occupations, and/or varying incentives and pathways to receive additional training once employed in the occupation. The analysis can identify a range of training needs for an occupation, but it cannot distinguish between training before entry and training received while working in the profession. An additional complexity is that in some instances

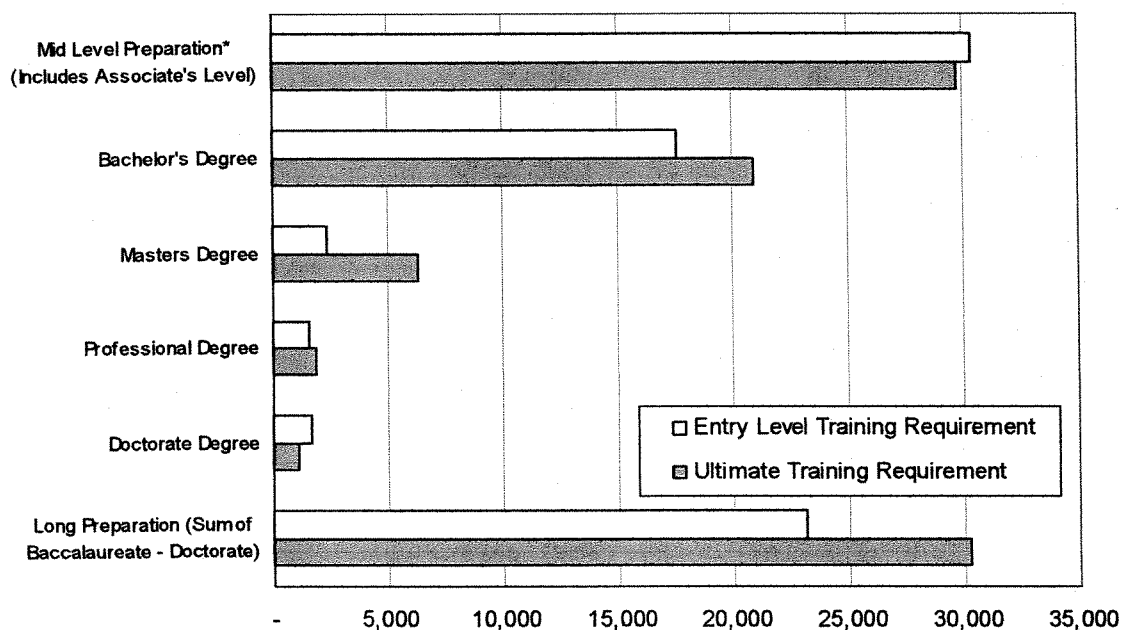
⁸ ESD reports the number of job openings based upon national and state economic models of future employment by industry and surveys of employers that identify the mix of occupations in each industry.

⁹ BLS classifies occupations into 11 training levels, some of which do not require higher education and therefore are outside the scope of this assessment.

additional training may move a worker from one occupation to another, especially in occupations requiring less training. In some occupations a significant number of workers have educational levels higher than what is typically required for the job. The UD analysis accounts for this by assuming a ceiling for the preparation level of those occupations requiring less than mid-level preparation (see the 2005 State and Regional Needs Assessment for a more detailed discussion).

Figure 3

Annual Job Openings by Preparation Level: 2007-2012

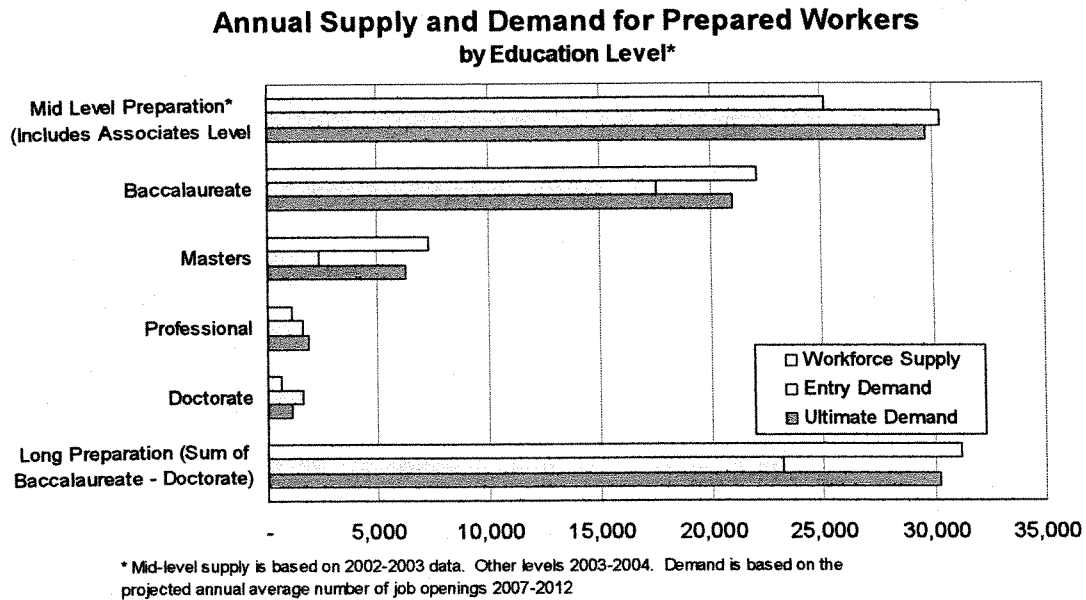


* Mid-level supply is based on 2002-2003 data. Other levels 2003-2004.

Mid-level Preparation Supply and Demand

At the sub baccalaureate level, as shown in Figure 4, the supply of newly prepared workers with mid-level preparation falls substantially short of employer demand. In 2002-2003, the most recent year for which data is available, there was a supply of 25,206 newly prepared workers coming out of community and technical colleges, private career schools, and apprenticeships. Employers, however, will have an average of 30,391 annual job openings at this level of education and training between 2007 and 2012. Thus, supply is only 83 percent of demand. Even if Mid-level Preparation grows at the same rate as the age-specific population (in other words, current participation rates are maintained) supply will still fall short of employer demand. If the state is to increase the supply of newly prepared workers with Mid-level Preparation sufficient to meet employer demand it will take more than relying upon demographic growth in the student population; it will take policy changes to increase sufficiently this sub-baccalaureate capacity.

Figure 4

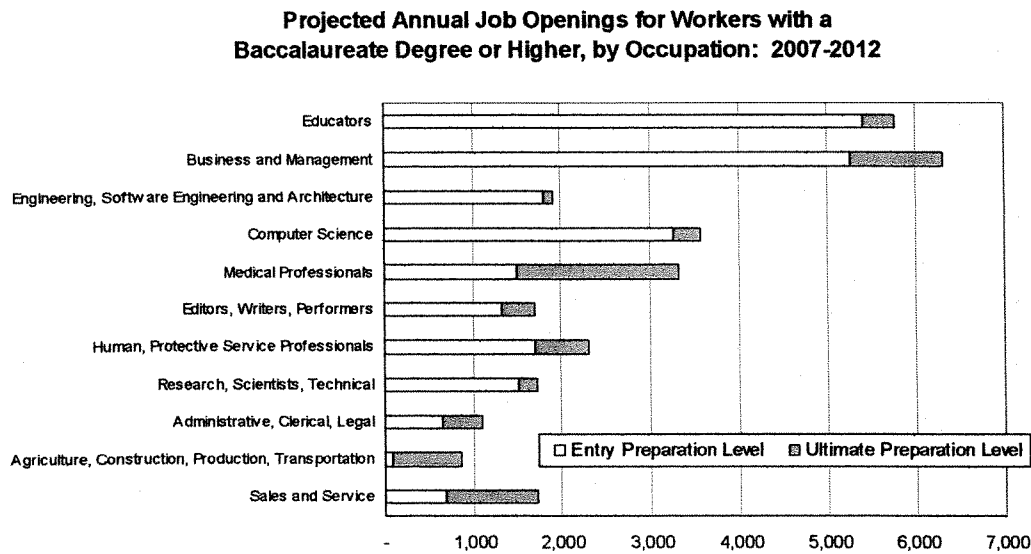


Long Preparation Demand

Figure 5 shows the number of workers requiring at least a bachelor's degree for entry to occupations and as an ultimate preparation requirement. A number of occupations have substantial additional training requirements as measured by the gap between entry requirement and ultimate preparation requirement. In many cases, workers will enter the occupation with the higher level of preparation; in other cases, the workers will need to seek additional education. For example, within the medical professionals category the majority of new registered nurses are initially trained at the associates level and therefore do not appear in the "entry demand" portion of the bar on figure 5, however, the majority of practicing nurses hold a bachelor's degree or higher and additional training needs of nurses account for 47 percent of the ultimate demand portion of the medical professionals bar.

Also evident is a high proportion of openings in agriculture, construction, production, transportation, and sales and service occupations requiring higher levels of preparation. While these are dispersed across a variety of industries and occupations, most of the positions that require higher levels of preparation are supervisory and/or highly technical (e.g., pilots, air-traffic controllers, insurance, securities, commodities, and financial services sales agents).

Figure 5



Long Preparation Supply and Demand Match

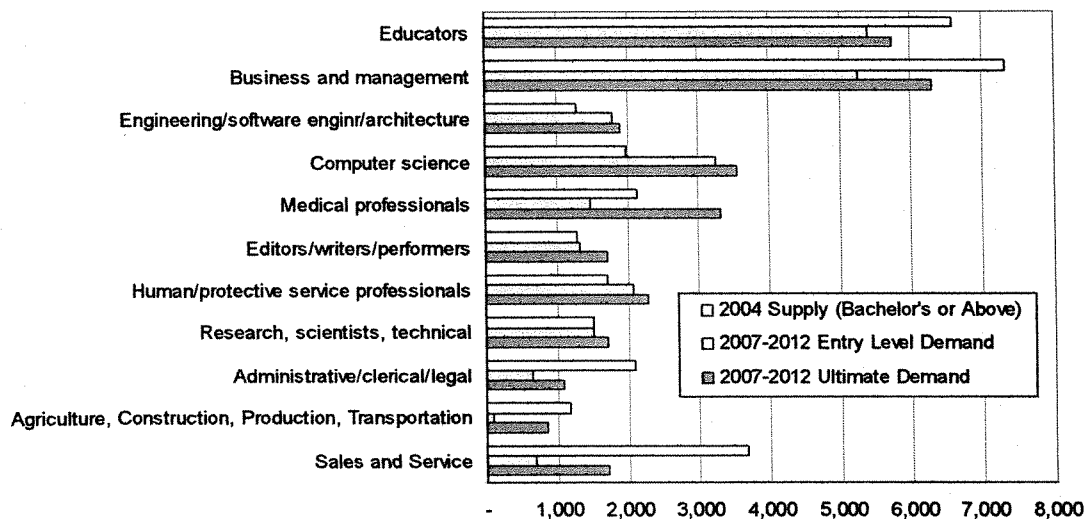
The aggregate estimate of supply and demand for education and training at the Baccalaureate level and above, as shown in Figure 4, masks gaps in the number of prepared workers and projected employer needs in a number of occupational areas.¹⁰ The analysis of supply and demand at the baccalaureate level and higher, therefore, focuses on those occupational areas that show the greatest need for additional graduates at the baccalaureate level or higher.¹¹

¹⁰ See the 2005 State and Regional Needs Assessment, published by the HECB, for a fuller discussion of concerns related to the aggregate match.

¹¹ While fields of study for each workforce associate degree and for some professionally related bachelor's majors such as nursing and engineering can generally be linked with specific occupations, the relationship between academic field and occupation for other bachelor's degrees is less transparent and needs some explanation. Although graduates from the same academic field tend to gravitate toward one or two occupational areas, in most academic fields a substantial portion of graduates are distributed across a broad range of occupations. For this reason, it would be unwise to make 1:1 assessments of supply and demand based on academic field of study and occupation.

Figure 6

Long Preparation Supply and Demand by Occupation
2004 Supply of Workers with BA or higher, and Employer Demand



As Figure 6 shows, demand for workers trained at the baccalaureate level and higher in certain occupations is not met by current supply. Matching with the ultimate demand measure, current degree production meets only 67 percent of the need in engineering and 56 percent of the need in computer science. Current degree production is sufficient to meet only 65 percent of the need for additional prepared workers in the medical professions, 75 percent of the need in editing, writing and performing occupations, 75 percent of the need in human and protective service occupations, and 89 percent of the need in research, scientific, and technical occupations. Demand for degrees is being met (or exceeded) in administrative, clerical, and legal occupations, agriculture, construction, production, and transportation occupations, and sales and service occupations.

Demand in engineering, software engineering and architecture would best be met through increased enrollments in engineering. Demand in computer science would best be met through increased enrollments in computer and information systems. Close to half of the need in medical professions is due to training needs for nurses, so increases in nursing programs would be recommended, as would increases in other health related programs.

Positions in editing, writing, and performing are most commonly met by graduates of Humanities programs, however, growth in these occupations is not expected to outpace continued growth of humanities programs resulting from overall system growth. Growth in human and protective service occupations rely most heavily on graduates of social science programs. Social Science programs have not grown substantially in the number of graduates over the past three years and growth in specific majors may be warranted to meet employer needs, especially in social work and protective service professions. Finally, preparation for the research and science occupations is generally met through programs in life sciences, physical sciences, and social sciences. The gap in research and science occupations may be exacerbated over time by flat growth in baccalaureate degrees in life sciences and social sciences and declines in graduate degrees in math, physical science, health, and engineering.

While the aggregate estimates of supply and demand for educators indicate that need is being met, the 2004 Report on Educator Supply and Demand in Washington State¹² released by the Office of Superintendent of Public Instruction indicates considerable shortage in special education and in a range of administrative/support positions, including speech pathology, occupational and physical therapy, and school psychology. There is “some shortage” indicated in 21 of 36 teaching areas and most administrative areas.

Conclusion

This analysis relies on our best estimate of the preparation needs of workers required to meet the labor needs of Washington employers. The assessment finds that the higher education system in Washington is not graduating enough students with the skills required to meet employer needs for prepared workers.

The state’s supply of workers who have completed mid-level preparation—more than one year but less than four years of postsecondary training or education—meets only 83 percent of employer demand expected during 2007-2012. Increasing the supply of workers with mid-level preparation at the rate of population growth will not be sufficient to close the gap and meet employer demand. It will take policy changes to increase sufficiently this sub-baccalaureate capacity.

There is a significant mismatch between supply and demand of workers prepared for occupations requiring long preparation (those positions requiring preparation at the baccalaureate level and above). Washington does not produce enough graduates at the baccalaureate level and above to meet demand for workers prepared in a number of fields, most notably computer science, engineering, and health care. In addition, the higher education system will need to grow and continue to expand in a range of academic and professional fields to meet specific occupational needs and expand graduate programs to increase the numbers of professional and doctorate degrees produced annually.

In addition, it is important to note that occupational areas may have unique preparation needs in a range of education levels. For example, a recent report from the health care personnel shortage task force indicates high levels of need and difficulty hiring qualified workers in a wide range of health care occupations at all educational levels.¹³ Nursing education is in high demand at the entry level (predominately provided at the associate degree level, but also substantial numbers of new nurses receive initial preparation at the baccalaureate level) but there is also need for students to continue on for master’s and doctorate degrees in nursing to train the next generation of nurses.

¹² 2004 Report on Educator Supply and Demand in Washington State” released by the Office of Superintendent of Public Instruction. (www.k12.wa.us/certification/pubdocs/supplydemand2004.pdf)

¹³ Progress 2004: A Report of the Health Care Personnel Shortage Task Force. Workforce Board (<http://www.wtb.wa.gov/HCRPT05.PDF>).

Continued growth and development of the higher education system in Washington is critical to the continuing economic prosperity of the state and its residents. Employers have become increasingly selective and are choosing to hire those workers who present a mix of deep technical knowledge in a given area and a set of more general or transferable skills in the areas of management, communication, and team-work. The preparation of workers with these skills and abilities relies on a strong public education system that can provide increasing numbers of students with learning opportunities of the appropriate depth and breadth to effectively compete in the labor force.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

**BOARD PROCESS FOR
CERTIFYING WORKFORCE DEVELOPMENT COUNCILS**

The Workforce Investment Act requires governors to certify Workforce Development Councils (WDCs) every two years. Current council certifications end on June 30, 2006. Chief local elected officials (CLEOs) will be asked to apply for council recertification by March 31, 2006. Each application will identify members appointed by CLEOs to serve on their area council for a period beginning July 1, 2006.

In January 2004, the Board conducted an extensive review of the state's criteria for council certification, and Board staff recommends no changes for 2006 (see Appendix A).

Separate from the recertification criteria, the Board has the assignment in *High Skills, High Wages* of helping to encourage diversity among the membership of the local WDC. In line with this assignment, Board staff have already sent a message to the WDC Directors asking for consideration of diversity when seeking new members.

It is the role of the Board to: 1) determine if the applications for WDC certification meet the state's criteria; and 2) recommend certification approval to the Governor. To carry out the Board's 2006 council certification review, it is proposed that the Board employ the following process and timeline:

Certification Timetable

Step No. 1. Similar to the process used in 2000, 2002, and 2004, a Board subcommittee is appointed by the chair.

Step No. 2. **March 31, 2006.** CLEO applications for WDC certification are due.

Step No. 3. **April 3 through April 14, 2006.** Staff to the Board will review council certification applications paying close attention as to whether local council appointments correspond with the state's criteria for membership. Staff will obtain clarification of any questions, and prepare summary briefs to assist in the Board's review.

Step No. 4. **April 17, 2006.** WDC certification applications and staff summary briefs are sent to all Board members.

Step No. 5. Committee meeting or teleconference will be scheduled in the **second half of April 2006**. All Board members may offer their comments or concerns to Board staff or committee members prior to the meeting. At the conclusion of the meeting, committee members will vote to recommend to the Governor approval for local council certifications. If the committee decides not to approve an application, it is returned to the designated CLEOs. In the event of a tie, the subcommittee will refer the application to the full Board for consideration.

Step No. 6. The full Board will meet on **May 11, 2006**. The committee will report to the full Board of the committee's recommendation.

Step No. 7. By **May 15, 2006**, the Governor is informed of the Board's recommendations. The Governor's office will review the Board's advice and the Governor will then notify the CLEOs of her decision. All notifications should be made by June 30, 2006.

Board Action Required: Adoption of the recommended motion.

RECOMMENDED MOTION

WHEREAS, The Governor must certify one local Workforce Development Council in each Workforce Development Area of the state every two years. Current certifications of the local councils end in June 2006;

WHEREAS, One of the functions of the Workforce Training and Education Coordinating Board as the state Workforce Investment Board under the Workforce Investment Act is to assist the Governor in the recertification of the Workforce Development Councils; and

WHEREAS, Board members should establish a process on how to manage its review of applications for Workforce Development Council certification;

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board approve the proposed process and timeline.

**WASHINGTON STATE'S
WORKFORCE DEVELOPMENT COUNCIL
MEMBERSHIP CRITERIA**

- (1) The Chief Local Elected Officials (CLEOs) in the local area may choose to appoint either a new council that satisfies the membership requirements of Workforce Investment Act (WIA) Sec. 117(b), or a council that satisfies the pre-existing alternative entity requirements of WIA Sec. 117(i).
- (2) Business members must include at least three representatives of businesses with substantial employment and at least three representatives of small businesses employing fewer than fifty employees. Local business organizations and associations must nominate individuals, and the CLEOs must appoint members from among the nominees.
- (3) There must be at least three representatives of labor.¹ The central labor councils must nominate individuals, and the CLEOs must appoint members from among the nominees.
- (4) There must be at least two representatives of K-12 education and at least two representatives of postsecondary education. Local education agencies, institutions, or organizations must nominate representatives. The CLEOs must appoint members from among the nominees.
- (5) There must also be at least one member who represents each of the following:
 - The state's public vocational rehabilitation agency
 - Public assistance agencies
 - Economic development agencies
 - Community-based organizations
 - The public employment services.
- (6) If any of the membership criteria requires a change in the membership categories represented on a pre-existing entity or in the charter of a pre-existing entity, per Department of Labor rule (661.330), then that criteria are null and void for that entity.

¹ Business and labor members whose term on a Council has not expired on June 30, 2006, do not need to be re-nominated by the appropriate nominating entity. CLEOs will need to ask the appropriate nominating entity to re-nominate any business or labor member whose current term ends on or before June 30, 2006, if the member seeks to serve for another term.

